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CITY & COUNTY OF SAN FRANCISCO

TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS.

BLDG. ONE, 2<sup>10</sup> FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0860 FAX (415) 274-0299
www.segov.org/freasureisland



GAVIN NEWSOM, MAYOR

DOCUMENTS DEPT.

SEP - 6 2006

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## NOTICE OF CANCELLED MEETING TREASURE ISLAND DEVELOPMENT AUTHORITY

NOTICE IS HEREBY GIVEN that the regular meeting of the Treasure Island Development Authority scheduled for Wednesday, September 13th, 2006 at 1:30 pm at 1 Dr. Carlton B. Goodlett Place, Room 400, City Hall, San Francisco, California, has been Cancelled.

### **Treasure Island Development Authority**

**Disability Access** 

The Treasure Island Development Authority holds its regular meetings at San Francisco City Hall. City Hall is accessible to persons using wheelchairs and others with disabilities. Assistive listening devices are available upon request. Agendas are available in large print. Materials in alternative formats and/or American Sign Language interpreters will be made available upon request. Please make your request for alternative format or other accommodations to the Mayor's Office on Disability 554-6789 (V), 554 6799 (TTY) at least 72 hours prior to the meeting to help ensure availability.

The nearest accessible BART station is Civic Center Plaza at the intersection of Market, Grove, and Hyde Streets. The accessible MUNI Metro lines are the J, K, L, M, and N (Civic Center Station or Van Ness Avenue Station). MUNI bus lines serving the area are the 47 Van Ness, 9 San Bruno, and the 6, 7, 71 Haight' Noriega. Accessible curbside parking is available on 1 Dr. Carlton B. Goodlett Place and Grove Street. For more information about MUNI accessible services, call 923-6142.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based scented products. Please help the City to accommodate these individuals.

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing devices.

#### **Lobbyist Ordinance**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign and Governmental Code 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102, telephone (415) 581-2300, fax (415) 581-2317 and web site http://www.sfoov.org/ethics/.

#### KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at 415 554 7724; by fax at 415 554 7854; or by email at sotf@sfqov.org.

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, http://www.sfgov.org/sunshine/

#### CITY & COUNTY OF SAN FRANCISCO

#### TREASURE ISLAND DEVELOPMENT AUTHORITY

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SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND



## TREASURE ISLAND DEVELOPMENT AUTHORITY SPECIAL MEETING AGENDA

September 27, 2006 2:00 P.M.

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Gavin Newsom, Mayor

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#### DIRECTORS

Claudine Cheng, Chair Jesse Blout Jared Blumenfeld John Elberling Matthew Franklin Marcia Rosen Supervisor Chris Daly (ex-officio)

Mirian Saez, Director of Island Operations Peter Summerville, Commission Secretary

#### ORDER OF BUSINESS

- Call to Order and Roll Call
- 2. Report by Director (Discussion Item)
- 3. Report by Mayor's Office of Base Reuse and Development (Discussion Item)
- 4. Communications (Discussion Item)
- Report by the Treasure Island/Yerba Buena Island Citizen's Advisory Board (Discussion Item)
- 6. Ongoing Business by Directors (Discussion Item)
- General Public Comment (Discussion Item) \*\*\*In addition to General Public Comment (Item #7), Public Comment will be held during each item on the agenda.\*\*\*

#### 8. CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine by the Treasure Island Development Authority Board and will be acted upon by a single vote of the Authority Board. There will be no separate discussion of these items unless a member of the Authority Board so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

- Approval of Minutes of August 8<sup>th</sup>, 2006 and August 25<sup>th</sup>, 2006 Special Meetings and August 8th, 2006 Ad-Hoc Nominating Committee Meeting (Action Item)
- b.) Resolution Authorizing the Director of Island Operations to Enter Into a Month-to-Month Sublease for a Period Beginning on October 1, 2006 and Expiring on September 30, 2007 with the Goodwill Industries of San Francisco, San Mateo, and Marin Counties for a Portion of the Building 7 Parking Lot (Action Item)
- c.) Resolution Authorizing the Director of Island Operations to Execute a Retroactive Extension to the Month-to-Month Sublease with American Civil Constructors - West Coast, Inc., for 28,187 Square Feet in Building 201 and a Two Acre Lot Bounded by Avenue F, 11<sup>th</sup> Street, Avenue H and 9<sup>th</sup> Street on Treasure Island for a Term Expiring on October 15, 2006 (Action Item)
- Presentation of Treasure Island Development Plan and Term Sheet for Redevelopment of Naval Station Treasure Island (Discussion Item)

#### 10. POSSIBLE CLOSED SESSION

- \*\*\*If approved by the TIDA Board, this Closed Session item will take place for approximately 30 minutes at the end of the meeting \*\*\*
  - a. Public Comment on all items relating to closed session
- b. Vote on whether to hold closed session to confer with legal counsel. (Action item)

## c. CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER

- Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case):
  - (1) Treasure Island Development Authority v. Voice of Pentecost, Inc., San Francisco Superior Court Case No. CUD-06-617929
- d. Reconvene in open session (Action item)

- Possible report on action taken in closed session under Agenda Item 10 (Government Code Section 54957.1 (a) (1) and San Francisco Administrative Code Section 67.12)
- Vote to elect whether to disclose any or all discussions held in closed session (Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12).
- 11. Discussion of Future Agenda Items by Directors (Discussion Item)
- 12. Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Development Authority Office, 410 Avenue of the Palms, Building I, Treasure Island, and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

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#### **Lobbyist Ordinance**

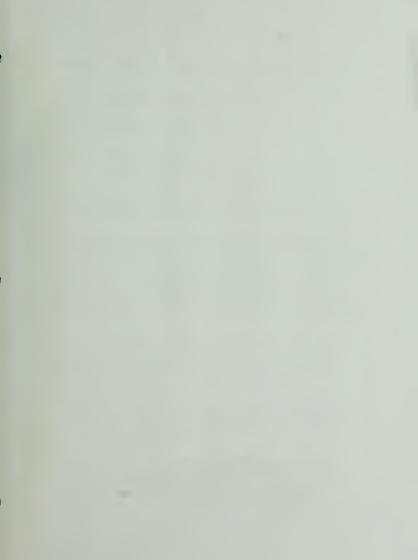
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#### MEMORANDUM

TO: Mirian Saez

Director of Island Operations

FROM: Lori Mazzola

Event Coordinator

DATE: September 19, 2006

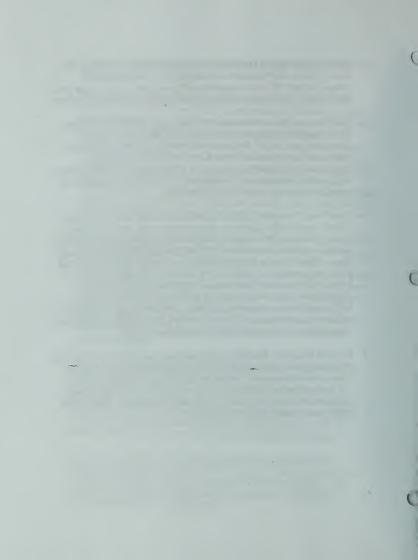
RE: SPECIAL EVENTS / PUBLIC ACCESS

In preparation for the Director's Report for the upcoming TIDA meeting, please find a briefing of recent and upcoming events on Treasure Island.

- The Treasure Island Development Authority staff worked with Caltrans to assure that the Labor Day weekend bridge closure did not adversely affect the three weddings taking place on the island during that period. Caltrans was immediately responsive to calls and complaints and met with the individual parties to facilitate accommodation of buses transporting guests from San Francisco to Treasure Island. Caltrans did an excellent job ensuring that the events were a success.
- Cost Plus World Market has been using the Nimitz House and Quarters 3 for the past two weeks as the location for a catalog photo shoot. Cost Plus has requested to extend its use of the -facilities and to remain on YBI for several more weeks.
- Kenwood Investments hosted "One Year: One Show, Keith Wicks'
  Collection" Art Exhibit in the Building 1 Lobby on September 16
  and 17, 2006. Over 500 visitors attending the 2 day event and
  over \$200,000 of art was sold.
- The San Francisco Convention and Visitors Bureau hosted a Member Business Exchange and Tabletop Showcase in the Lobby of Building 1 on September 21, 2006. The event featured approximately 40 local businesses and drew over 300 industry professionals.

- Korean Jesus' Church of San Francisco continues to hold Sunday morning services in the Chapel for all faiths.
- The exhibit, "Ohlone Portraits: Our Faces, Our Families, Our Stories," is in its final weeks of exposure in the Building 1 Gallery. The exhibit began in June 2006 and is a collaborative community exhibit created by the Crissy Field Center, the National Park Service, and the Golden Gate National Parks Conservancy. Life size images and portraits of Native Ohlone people, from the late 19th and early 20th century, make up this display, combined with commentary from contemporary Ohlone descendants. An additional panel, added specifically for the Treasure Island exhibit, highlights the Ohlone's use of the Bay Islands. The exhibit is free to the public and ends September 30, 2006.
- The 2006 Kaiser Permanente International Dragon Boat Festival took place on September 23 and 24, 2006, for the second year on Treasure Island. The Dragon Boat races, which include teams from all over the country, occur in Clipper Cove and represent the largest dragon boat festival in the United States. This year's race featured the first Breast Cancer and Cancer Survivor Challenger Cup held in California. A festival, featuring booths and entertainment, took place in the Building 180 Parking Lot. The event, which is free to the public, drew approximately 2,500 spectators a day.
- MTC and the Bay Area Air Quality Management District held a press conference on Treasure Island with Mayor Newson on Tuesday, September 26th. The event celebrated the near completion on a project to install diesel exhaust filters on 1,700 buses for Muni, AC Transit, SamTrans, the Golden Gate Bridge District, and the Bay Area's 10 other transit districts. This unprecedented program will reduce toxic diesel emissions.
- The Treasure Island Development Authority staff is in the beginning stages of issuing a Use Permit to "Chicken Hooray, LLC" to bring a chicken rotisserie business to Treasure Island. The truck would provide gourmet chicken meals to residents on Treasure Island on a weekly basis.

- The Treasure Island Development Authority staff is working with Mana Allison and Associates to complete a reservation with Amgen to host its launch meeting and reception event to take place on October 17, 2006 in Building 1 and Building 180 for 550 guests.
- The Treasure Island Homeless Development Initiative is hosting its 8<sup>th</sup> Annual Community Day Festival on the Great Lawn on September 30, 2006. This event features music, entertainment, crafts, and activities for all residents. The Treasure Island Development Authority will sponsor a "Bike Rodeo" which teaches children bicycle maintenance and safety. The first 50 children in attendance will receive a free bike helmet.
- Fleet Week Weekend will bring several annual events to Treasure Island, namely the Alzheimer Association's 13th Annual Memory Walk on October 8th. Memory Walk is the Alzheimer's Association national signature event to help those battling Alzheimer's disease. Since 1989, Memory Walk has raised more than \$175 million and is the largest national Alzheimer's disease fundraising event. Memory Walk takes place in more than 600 communities nationwide; most events are held in September and October. Millions of men, women and children will participate as walkers, volunteers and sponsors this year. Over 4,500 people are expected to take place in this year's walk on Treasure Island.
- The San Francisco Maritime National Park Association will host its 7<sup>th</sup> Annual Maritime Heritage Awards Benefit Gala and Auction.
   This event, taking place for the second year on Treasure Island, will be held in the Building 1 Lobby on October 28<sup>th</sup>. The benefit will contribute to the Age of Sail education program, which serves over 10,000 schoolchildren annually.







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September 23, 2006

On behalf of the Mayor's Office and the Treasure Island Development Authority, I am honored to welcome back the 2006 Kaiser Permanente San Francisco Dragon Boat Festival, now in its eleventh year.

Last year, many of the participants and visitors embarked on their first opportunity to experience Treasure Island, and in particular, the beautiful and historic Clipper Cove. To those individuals, I say welcome back, and to those who have never been to Treasure Island, I say welcome and enjoy. It is only in San Francisco where we see the old and the new perfectly blended, highlighting cultural and ethnic diversity. The Dragon Boat Festival has roots that date back 2000 years in the Southern Province of China, and Treasure Island will soon become the newest neighborhood in San Francisco.

This year's festival features the first Breast Cancer Challenge Cup held in California. Teams comprised of individuals with breast cancer and breast cancer survivors will compete, and will contribute to the furthering of public awareness on such a critical issue. A special ceremony will be held in their honor, and I salute their bravery, strength and courage.

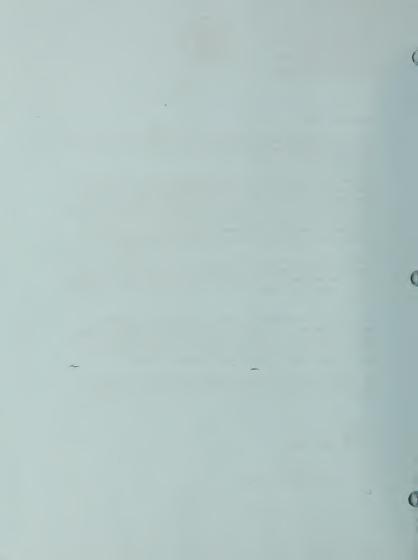
As in years past, The California Dragon Boat Association will have over 100 participating teams and 2,500 paddlers. However, this festival will feature the largest number of visiting teams in the history of the event. Some of the top teams in the world will be competing. Participants will be coming from Los Angeles, Portland, Arizona, Boston, Florida, Vancouver, Victoria, Calgary, Toronto and Germany.

The California Dragon Boat Association has done an outstanding job in creating this festival. I invite you to enjoy all of the festivities as well as the beauty of Treasure Island.

Mirian Saez

Director of Island Operations

Treasure Island Development Authority







# Habitat Restoration Work Party on Yerba Buena Island

#### Saturday, September 16th at 10 AM

sponsored by Nature in the City & the California Native Plant Society with invaluable assistance from the Treasure Island Development Authority

#### Everyone welcome. We hope you can join us!

- Help protect and restore the special and diverse habitats of YBI.
- Meet other members of the community and share in the fun.
- Learn about non-native and native plants and their significance to wildlife.
- Learn about island and bay area ecology and how to be stewards of our natural heritage.

Meet at the picnic area off Treasure Island Road, just north of Macalla. We'll stop working between 12 and 12:30, depending on the group and our progress. Feel free to leave when you need to.

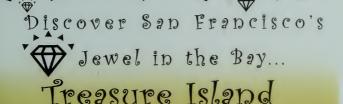
In the event of fog, be sure to dress in layers. It's always a good idea to wear closed-toed shoes and bring a hat if you need one. We'll supply water, tools and gloves. Bring your own gloves if you'd like.

Questions? Please contact:

Peter Brastow, Founding Director Nature in the City San Francisco 415-564-4107 peter@natureinthecity.org www.natureinthecity.org





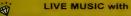


8th Annual Community Day Festival!

Saturday, September 30, 2006!



11 am - 4pm Great Lawn, Treasure Islandi



TOP HAT PRODUCTIONS!

R&B REVIEW

Featuring the music of Barry White, the O'Jays,

LIVE DJ !

TALENT COMPETITION /

ARTS & CRAFTS !

RAFFLE PRIZES !

#### DELECTABLE FOOD /

BOUNCE HOUSE /

**ROCK CLIMBING WALL!** 

**DUNK TANKS /** 

TREE FROG TREKS /

WATERMELON EATING CONTESTS!

FACE PAINTING !

#### THE TREASURE ISLAND COMMUNITY DAY FESTIVAL IS SUPPORTED BY:

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Treasure Island Homeless Development Initiative & Treasure Island State (Factor & Walders Boxe & PMC) &













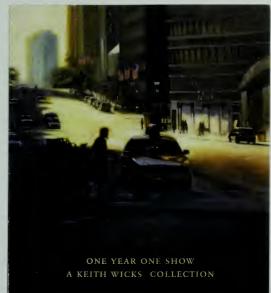








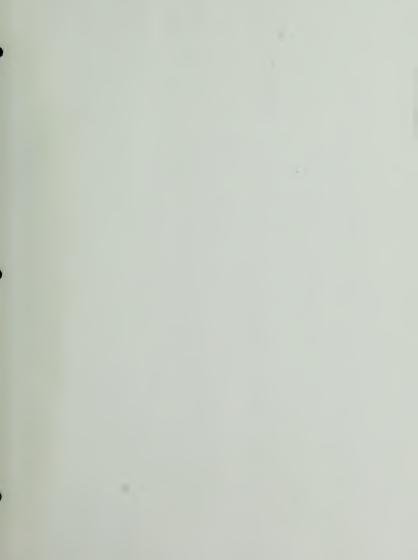




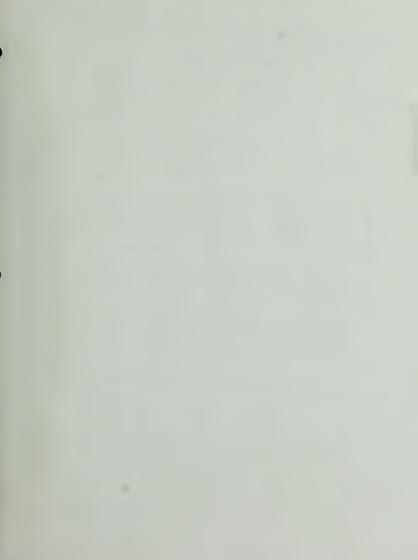
September 16th ~ 17th, 2006

BUILDING ONE • TREASURE ISLAND • SAN FRANCISCO











415,345 4400 FAX 614,9175 WWW.JSCO.NET

# MEMORANDUM

To: Mariam Saez, Director of Operations Treasure Island Development Authority City of San Francisco 410 Palm Avenue Building 1, 2nd Floor Treasure Island. San Francisco, CA 94130



CC. Marc McDonald, TIDA John Stewart, JSCo Paula Schlunegger, JSCo

Gary Griffin, Edison Capital Loren Sanborn, JSCo Lynny Lee, JSCo

Ned York, JSCo Connie Le, JSCo Jack Gardner, JSCo

Michael Smith-Heimer ##8501

Date: August 21, 2006

RE: Percentage Rent for Treasure Island Housing Project Sublease for July 2006

Enclosed is our payment of Percentage Rent in the amount of \$629,960 per the sublease agreement. This figure is based on the calculations on the accompanying attachment. You should note that these expenses include funding reserves as outlined in the sublease requirements as well as accrued the funds to pay Possessory Interest charges of the property. Calculation of Funds Available for Distribution

TIDA receives 95% revenues remaining after adjusting gross revenues by operating expenses, current accretion due and the repayment of ledger balances based on sublease specifications. Funds expended for replacement reserve eligible items are expensed in the period expenses are recognized. To the degree that these costs are reimbursed from the replacement reserve account, percentage rent will be adjusted in the period that the reserve draw is approved.

To facilitate review, we have added year to date comparisons to budget for sublease operations. For the month of July of Actual Total Revenue exceeded Budgeted Total Revenue by 0.2%, while Actual Total Operating Expenses were 5.8% lower than Budgeted Total Operating Expenses. The result was that Funds Available for Distribution were 5.1% (32,325) greater than budgeted amounts. Year-to-date, operations thru July 2006 (on a calendar year basis) have provided aggregate percentage rent amounts that are approximately 0.7% greater than budgeted levels. Calculation of Percentage Rent

Based on operations, a total of \$663,116 in adjusted Gross Revenues after costs of operations are available for percentage rent distribution in July. These revenues are distributed as follows:

July 2000 pt	3	c revenues are
July 2006 Distributions Available for Distribution Percentage rent for TIDA Percentage rent for JSCo	Actual 663,116 \$ 629,960 33,156	Budgeted 630,792 599,252 31,540

This percentage rent breakdown reflects the current year split by TIDA/JSCo. Beginning in April 2005 disbursements, TIDA receives 95% of revenues after expenses, while the John Stewart Company percentage is 5% of the amount.

attachment

Particular   COD	ready for occupency at Beginning of month	Draw 78 632	Draw 79 623	Draw 80 623	Draw 81 623	Drew 82 623	Draw 83 623	Draw 84 623	Draw 85 632	Draw 86 632	Draw 87 632	191	Draw 88 632	522 Drew 89 632 632
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1,17,122   1,10,223   1,10,244   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447   1,10,447	SWOTT AGENCY OF THE PARTITIONS	July	August	September	October	November	Dec	January	February	March	-	April	April May	
FIGNESS 1,144,20 1,242,0 1,122,0 1,124,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144,0 1,144	of Gross Revenue and for Move-in Timing The Comme (from marketing from Sept. 2000 onward)	1,171,822 -78,222 516	1,182,252 -56,101 376	1,186,426	1,189,495		1,189,868 -61,626 433	1,189,035	1,192,030 -80,144 505	1,194,472	1,18	6,642 0,396 607	·	1,200,
Process 77719 11544 11644 0,802 0,131 14,802 15,77 15,80 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,100 1,1	elek Mevenue wenue collected FS EPOM OBERATIONS	1,106,646	1,144,390	_				1,124,489	1,120,648	1,129,627	1,136	610	,610 1,139,261	
1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,00	00 ADMINISTRATIVE EXPENSES 10 Advertising/Marketing 250 Credit Reports	7,718	11,543		8,852			13,983	9,176	8,382	7.	395		959 9,370 5,850 395 2,183 864
	MO Office Supries 11 Office Supries 12 Office Supries	13,001	12,487				12,992	12,734	12,103	14,607	5, 6,	935	729 13,539 1,740	ه
4.905 4,707 4,905 4,707 4,905 4,707 4,000 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100 4,100	110 Consulting Expense 110 Office Supplies Environmental 120 Management Fee 226 Temporary Services	33,491	32,129		33,810		34,443	34,181	32,975	33,705	33	962	662 33,970	
2004 990 6,700 13,446 1,178 469 3,597 (1019) 3,917 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019) 1,178 (1019)	330 Manager/Supervisor 131 Steff Units	5,195	5,195		4,905 5,195		5,550	5,108	5,195	5,100	4,10	4,838	,938 5,101 ,195 5,195	
(1874 2,290 (1016 1,1789 1,1878 3,790 2,437 2,188 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,184 2,18	555 Payroll Suppense 540 Legal Expenses 541 Legal Expenses	2,804	989	8,768	9,400		-1,129	-585	10,189	-391	3,7	-8	47,319	
	8355 Austi Feetbookkesping 339 Telephone 330 Collection Assassing	1,674	2,290	1,015			3,750	2,437	3,587 2,158 9,035	8,983 2,154 12,296		10 to - 1	1,339	
	5392 Seminars/Training 5393 Temporary Services 5394 Community Outreach	500						-	1,550	0			155	551
, 200	195 Administrative Services 196 Computer Charges 198 Rent Credits	2		450	687			469			3,270			
200	Remediation Expense Subtolal: Administrative Expenses	1,933			106,824		127,666	83,625	98,059	97,009	89,331		130,888	
1,500   0   0   0   0   0   0   0   0   0	00 UTILITIES 150 Subtotal: Utilities	135,369	137,323	141,253	140,298	137,665	131,938	135,476	136,131	136,726	151,433			152,095
200 450 687 1.500 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	89 Navy CAM Charge	30,205	30,205	30,205	30,205	30,205	30,205	30,205	30,205	30,205	30,205		30,208	30,205 30,205
200 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)  100 (647)	on Operative And NavitabanCE  11 Lainton Payor  12 Lainton Payor  13 Lainton Payor  14 Lainton Payor  15 Lainton  15 Lainton	389 3,130 500 14,512 176 176	2,551 0 520 14,292 5,237	-1,968 4,270 595 16,138 4,272 112 0	245 1,420 1,000 13,703 3,912 262 262	231 1,265 300 13,736	998 2,155 2,700 13,561 8,300 1,092	1,845 1,845 14,157 4,285 307	98 4,315 300 11,804 3,732 148	9,035 1,550 13,795 4,554 4,824	3,825 1,050 12,427 4,000 0			380 2,785 300 1,752 13,394 4,872 4,442 902 777
1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,000   1,00	338 Grounds Supplies 338 Grounds Supplies	35,509	33,518	35,698	34,358	33,518	36,338	33,518	33,518		33,518		33,518	
1	5510 Maintenance Payroll 5541 Repairs Material	19,950	20,174	21,263	17,719	17,951	18,039	17,461	14,301	16,649	17,421		17,086	17,086 16,118

DRAW	Draw 78	Draw 79	Draw 80	Draw 81	Draw 82	Draw 83	Draw 84	Draw 85	Draw 86	Draw 87	Draw 88	Draw 80	Drew 00
Units reedy for occupency at Beginning of month Units Leased and Occupied during month	632	623	623	623	623	623	623	632	632	632	632	632	632
Agregate Units Leased and Occupied during month Average Unit Rent	603	609	609	603	603	601	603	604	602	584	595	591	585
6542 Repetis Contract 6543 Plumbing Maintenance (includes \$618 EOY adjustment in 8544 Electric Maintenance	1,100	5,190 232	3,712	1,972	1,840	1,995	33,799	425 -23,006 2,153	14,245	1,283	440	2,150	0 0 8
6545 Elevator Membanance 6548 Healing and Cooling (includes \$291 EOY adjustment in De 8548 Pavrull Fruinnemental				422	511	000					413	0	0
6549 Repair Material Environmental 6553 Appliance Repairs 8554 Windows Repairs	381		2,090	19,482	60,414	50						12,132	109
6355 YBI Maintenance Repair 6560 Painting and Deorating 6556 For of Repairs/Contract 8555 Europhysis and Tann Bolocoton	1,344	2,188	131	1,101	1,046	1,198	22	294	1,219	2,687	Ð	1,399	•
8570 Vende Lease 8572 Maint and Equipment Repair (Includes \$789 FOY activiting	310	4,998		310	74	1,699	296	790	296	402	310	282	808
6590 Mac. Oper and Maintenance 6573 Uniform/Laundry Service	987	280	88	485	619	497	672	723	969	577	910	279	419
8599 Fire Demage Costs 7230 Interior Replacement (eligible for RR Draw)	Ī	21,484	13,598	5,863	16,979	10,041	9,502	28,427	22,838	7,040	6,640	4,551	6.573
7240 Exterior Replacement (etigible for RR Draw) (includes \$3,72 Take Exterior Replacement (etigible for RR Draw) (includes \$9,32 Subotal: Operating and Maintenance	126,926	21,948	46,182	1,390	3,465	_	6,746	9,886	4,117	4,785 91,800	2,325 7,925 103,584	8,623 105,021	3,177 0 87,397
6710 TAXES/INSURANCE 6710 Taxes - Real Estate											116,998	122,052	107,852
6711 Peyroll axes 6790 Managements (inc. marketing in September, 2000 8720 Pronentivineurane	5,060	3,153	3,187	3,015	4,561	1,380		3,751	3,113	2,656	2,790	6,446	2,977
6721 Fidelity Bond	27,103	37,108	27,108	37,180	041,75	37,190	37,190	37,190	29,539	42,081	40,868	40,868	40,868
6722 Workers Compensetion (includes \$11 EOY adjustment in ( 6723 Employee Health and Life Insurance	7,360	4,770	7,639	6,392	6,322	7,458	3,384	3,983	4,096	1,041	5,857	4,520	4,559
6710 Possessory Interest Tax Base Rent Payment	24,517	24,517	24,517	24,517	24,517	24,517	24,517	24,517	24,517	43,560	24,517	24,517	24,754
Subtotal: Texes/Insurance	121,295	119,398	119,222	115,151	121,858	123,356	118,792	115,528	108,123	118,274	125,853	124,712	120,170
6900 SERVICE EXPENSES 6991 Pacreetion Salaries 6992 Recreation Supplies (includes -\$150 EOY adjustment in De	En-	1,500		926	992	1,563	Š.	0		0	0		0
Gabotaniay Subtotel: Services		1,500	0	838	985	1,553	ş	0	0	00	00	00	00
7000 Replacement Reserve Eligible Expenses													
7100 CORPORATE EXPENSES 7100 Legale Expense 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2													
TOTAL OPERATING EXPENSES Monthly Expense per Unit (net of Repiecement Reserves)	493,926	500,773	552,574	509,961	528,094	529,537	493,304	470,251	497,307	481,042	542,724	457,713	470,045
Less Reserves Markeling Expenses	12,740	12,740	12.740	12,740	12,740	12,740	12,740	12,740	12,740	12,740	12.740	12.740	12,740
TOTAL EXPENSES	508,855	513,513	655,414	522,701	540,834	542,277	505,044	482,991	510,047	493,782	555,484	470,453	482,785
todia Expenses ved or Emviorantial todia Expenses ved of occupied units – Net of Envirormental) Per Unit Monthly Expenses (occupied unit pro rate of Total Expenses)	605,555 840 840	613,513 843 843	911	493,819 818 857	458,974 774 897		505,629	472,802	510,047	493,782	555,464	459,450	483,273
TOTAL ENVIRONMENTAL EXPENSES	0	0	10,858	28,882	73,850	-1,129	-585	10,189	0	0	0	10,993	488

DRAW	Draw 78	Draw 79	Draw 80	Draw 81	Draw 82	Draw 83	Draw 84	Draw 85	Draw 86	Draw 87	Draw 88	Draw 89	Draw 90
Units ready for occupancy at Beginning of month Units Leased and Occupied during month	632	623	623	623	623	623	623	632	632	632	632	632	632
Aggregate Units Leased and Occupied during month Average Unit Rent	. 603	609	909	603	603	109	603	604	602	594	289	591	592
	Diaw 78	Draw 79	Draw 80	Draw 81	Draw 82	Draw 83	Draw 84	Draw 85	Draw 86	Draw 87	Draw 88	Draw 89	Draw 90
DISBURSEMENT OF REVENUES (Per Sublease Agreement)	July 2005 Actuals	Aug	6.4	September October 2005 0005 Actuals Actuals	November December 2005 Actuals	December 2005 Actuals	December January 2006 305 Actuals	ry 2006 February Actuals 2006 Actuals	March 2006 Actuals	April 2006 Actuals	May 2006 Actuals	June 2006 Actuals	July 2006 Actuals
Adjusted Gross Revenue	1,106,646	1,144,390	1,269,439	1,149,110	1,144,678	1,144,119	1,124,489	1,120,648	1,129,627	1,136,610	1,139,261	1,152,127	1.145.902
Less Base Rent	-42,441	-42,441	-42,441	-42,441	-42,441	-42,441	-42,441	-42,441	-42,441	43,560	-43,560	-43,560	-43,560
Less Operating Expenses	-387,789	-395,999	-446,142	-403,505	~421,565	422,448	-386,477	-364,631	-390,957	-373,616	434,990	-350,124	-361,886
Less CAM Charge	-30,205	-30,206	-30,205	-30,205	-30,205	-30,205	-30,205	-30,205	-30,205	-30,205	-30,205	-30,205	-30,205
Less Replacement Reserve Funding	-12,740	-12,740	-12,740		-12,740	-12,740	-12,740	-12,740	-12,740	-12,740	-12,740	-12,740	-12,740
Management Fee	-33,494	-32,129	-33,887	-33,810	-33,883	-34,443		-32,975	-33,705	-33,662	-33,970	-33,824	-34,395
Less Marketing Fee	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	-506,665	-513,513	-585,414		-540,834	-542,277	-506,044	-482,992	-510,047	-493,782	-555,464	-470,453	-482,786
Revenues Net of Operating Expenses	599,981	630,877	703,025	626,409	603,844	601,843	618,445	837,656	619,580	642,827	583,797	681,674	663,116
Ledger Reduction for Period													
Accretion for Period													
Adustment for Actual Accretion in May (\$26,805 vs. \$23,699)											,		-
Adjustment for Actual Accretion In June (\$23,699 vs. \$19,847)													_
Developer Fee (fee based on Amendment 2)													
Allowable Construction Costs										_			
Total Expenses for Construction and Ledger Account Activities													_
Revenues Remaining for Distribution in Percentage Rent	599,981	630,877	703,025	626,409	603,844	601,843	618,445	637.656	619,580	642.827	583.797	681.674	663.116
TIDA Share of Revenues (Percentage Rent)	-589,982	-599,333	-887,874	•	-573,652	-571,751	,	-605.773	-588.601	-610.688	-554.607	-647 S90	1679 96n
JSCo Share of Revenues (Percentage Rent)	-29,989	-31,544	-35,151		-30.192	-30 082		.31 883	30 979	121 05.	20 100	-34 084	-33 166
Total Percentage Rent Disbursed	-599.981	-630.877	-703 025		-803 B44	-B01 843	818 445	A37 656	610 680	642 027	707 503	504 074	000 440
Ending Balance Gross Revenues	0	0	٥		0			00,00	0	0	101,000	100	200

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Trial United Revenue   Trial Group   Trial Control C	1,195,642 (0,236) (0,236) 1,136,610 1,136,610 10,256 10,266 12,740 12,740 13,560 13,772 13,772 13,772 13,772 13,774 13,772 13,772 14,774 15,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 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16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,774 16,77	1,200,094 1 534 834 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,781 1,139,	(73.390) 538 21.828 21.827 73.208 11.82.127 73.208 11.87.127 81.153 0.205 13.174 81.153 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 881.675 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997 13,892 1415,902 89,661 142,613 77,647 30,205 8,759 7,764 30,205 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,759 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,779 8,7		000000000000000000000000000000000000000	00000 000	0000	
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1.82471   1.82471   1.82471   1.82471   1.8	1,195,642 (70,396) (907) 10,785 1,136,610 15,433 79,533 79,533 79,533 79,533 74,74 74,74 74,74 642,586 643,589 643,589 643,683		(73,390) 538 538 21,390 21,300 1,192,127 1,192,127 30,200 11,740 13,740 12,740 12,740 12,740 12,740 12,740 12,740 12,740 12,740 13,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,740 14,7	(73,246) 957 13,922 1,145,902 142,613 77,647 30,205 9,759 17,7647 30,205 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 1,759 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123/16   161/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   162/20   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13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   13,475   1	89,331 151,433 79,533 30,205 12,286 74,714 0 12,740 43,550 49,3782 642,838 610,687	130,888 152,095 96,794 30,205 17,262 82,293 82,293 12,740 43,569 555,886 583,425 554,754	73,208 124,566 91,847 30,205 13,174 81,153 0 12,740 470,451 881,676 847,692	89,661 142,613 77,647 30,205 9,750 76,610 0 12,740 43,560 482,785 663,116	000000000	0000000	000	oi c	D) 0
13,477 (1972)  13,477 (1972)  13,477 (1972)  13,477 (1972)  13,477 (1972)  13,477 (1972)  13,477 (1972)  13,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477 (1972)  14,477	89,331 151,433 79,533 30,205 12,286 74,714 0 12,740 43,550 493,550 642,838 642,838	130,888 152,095 86,794 86,794 17,282 82,293 0,12,740 43,560 585,036 583,036 584,254 29,171	73,208 1124,586 91,847 30,205 13,174 81,153 0 12,740 470,451 881,676 847,692	89,661 142,613 77,847 30,205 9,750 76,610 0 12,740 43,560 482,765 683,116	0000000000	0000000	000		
134,475   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,145   135,	151,433 79,533 79,533 79,714 0 12,740 49,550 642,828 610,687	162,095 96,794 30,205 17,262 92,293 0 12,740 43,560 555,836 555,836 555,836 555,836 555,836 555,836 555,836 555,836	124,586 91,847 30,205 13,174 81,153 0 12,740 470,451 881,676 881,676	142,613 77,847 30,205 9,750 76,610 12,740 43,560 482,765 683,116				0	
10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   10,000   1	79,533 30,205 12,286 74,714 0 12,740 43,592 642,828 610,667	86.794 30.205 17,282 82,293 0 12,740 43,290 555,898 583,425 554,254 29,171	91,447 30,205 13,174 81,153 0 12,740 470,451 681,676 681,676	77,647 30,205 9,750 76,610 0 12,740 43,560 482,785 683,116			00		0
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18.249   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   20.875   2	12,266 74,714 0 12,740 43,560 493,782 642,828 610,687	17,262 82,293 0 12,740 43,560 555,836 583,425 584,254 28,171	13,174 81,153 0 12,740 470,451 681,676 847,592	9,750 76,610 0 12,740 43,560 482,785 663,116	000000	0000	•	0 0	9 0
76,350 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000 7,000	74,714 0 12,740 43,560 493,782 642,828 610,687	82,293 0 12,740 43,560 555,836 583,425 584,254 29,171	81,153 0 12,740 43,560 470,451 681,676 847,592	76,610 0 12,740 43,560 482,785 663,116	00000	000			0 0
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10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   10,740   1	12,740 43,560 493,782 642,828 610,687	12,740 43,560 555,836 583,425 554,254 29,171	12,740 43,560 470,451 681,676 847,592	12,740 43,560 482,785 663,116	0 010	0	0 0	0 0	0 0
\$500.000   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$2,441   \$	43.560 493,782 642,828 610,687	43.560 555,836 583,425 554,254 29,171	43.560 470,451 681,676 647,592	43,560 482,785 663,116	010			0 0	0 0
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616.450   625.50   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60   635.60	642,828	583,425 554,254 29,171	647,592	663,116		эс	Э	oi c	OI C
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Fig. (CAM) 193 (A)	- 4 - 0   2   5		368,034 559,766 338,830 120,818 93,783 289,833 (34) 50,960	498,922 711,860 425,624 151,023 1111,045 372,126	2,002,101	200,046,7	1,340,000	1,840,003	600,0946,7	7,948,003	7,948,003
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250 27 27 20 20 20 20 20 20 20 20 20 20 20 20 20			120,818 93,783 289,833 (34) 50,960	151,023 111,045 372,126	517,470	595,118	595,118	595,118	595,118	595,118	595,118
61 7 7 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8			93,783 289,833 (34) 50,960	372,126	181,227	211,432	211,432	211,432	211,432	211,432	211,432
76, 76, 76, 76, 76, 76, 76, 76, 76, 76,			(34)	372,126	124,218	133,968	133,968	133,968	133,968	133,968	133,968
12. 585. 42. 503. 505. 616. 616.			50,960		453,279	529,889	529,889	529,889	529,889	529,889	529,889
SES.	0,1212	-	50,960	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34
ENSES	0, 2, 5		200 027	63,700	76,440	89,180	89.180	89.180	89.180	89.180	89.180
ENSES	0, 2, 2	-	2000	214.443	258 002	301 562	301 582	301 562	304 562	301 562	304 562
	-		992.873	2 548 708	3 019 160	3 501 945	3 501 945	3 501 945	3 501 945	3 501 945	3 504 945
	-	1.875.672 2	518 500	3 101 926	3 783 602	4 446 718	4 446 718	4 446 718	4 446 718	4 446 748	A AAG 719
			342 576	2 946 R29	3 594 422	4 224 382	CBC 900 A	4 224 382	4 224 282	4 224 282	C02 ACC A
30.922			125 905	155 096	189 180	222,336	322,236	300,722,7	300,722,4	322,932	300,433,4
CUMULATIVE BUDGET											
PROJECT REVENUE											
Fotal Gross Income Potential 1,201,849	2,403,698	3,605,547 4,	966,708,	6,009,245	7,211,084	8,412,943	9,614,792	10,816,641	12,018,490	13,220,339	14,422,188
otal Vacancies and Concessions (70,600)	5	(211,800)	(282,400)	(353,000)	(423,600)	(494,200)	(564,800)	(635,400)	(706,000)	(776,600)	(847,200
enne		1,530	2,040	2,550	3,060	3,570	4,080	4,590	5,100	5,610	6,120
			47.080	58,850	70,620	82,390	94.160	105,930	117,700	129,470	141,240
TOTAL REVENUE 1,143,529	2,287,058	3,430,587 4,	1,574,116	5,717,645	6,861,174	8,004,703	9,148,232	10,291,761	11,435,290	12,578,819	13,722,348
PROJECT EXPENSES							-				
ng/Administrative Expenses	witte		359,438	449,295	539,152	629,009	718,866	808,723	898,580	988,437	1,078,294
	-		578,100	722,625	867,150	1,011,675	1,156,200	1,300,725	1,445,250	1,589,775	1,734,300
s (net of CAM)		289,284	385,712	482,140	578,568	674,996	771,424	867,852	984,280	1,060,708	1,157,136
		90,750	121,000	151,250	181,500	211,750	242,000	272,250	302,500	332,750	363,000
		50,475	67,300	84,125	100,950	117,775	134,600	151,425	168,250	185,075	201,900
56 Va	155	238,575	318,096	397,617	477,138	656,659	636,180	715,701	795,222	874,743	954,284
		450	900	750	900	1,050	1,200	1,350	1,500	1,650	1,800
Reserve Funding		38,220	20,960	63,700	76,440	89,180	89,180	89,180	89,180	89,180	89,180
			169,764	212,205	254,646	297,087	339,528	381,969	424,410	466,851	509,292
ENSES	-	``	.050,970	2,563,707	3,076,444	3,589,181	4,089,178	4,589,175	5,089,172	5,589,169	6,089,166
Distribution	-	``	2,523,146	3,153,938	3,784,730	4,415,522	5,059,054	5,702,586	6,346,118	6,989,650	7,633,182
	=	•	2,396,989	2,996,241	3,595,494	4,194,746	4,806,101	5,417,457	6,028,812	6,640,168	7,251,523
	1	94,618	126,157	157,697	189,237	220,776	252,953	285,129	317,306	349,483	381,659
CUMULATIVE TIDA % RENT (11,717)	(5,196)	(15,848)	(4,413)	(49,412)	(1,072)	29,636					

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	bin.08	BO-In-il	Arm OR	Son Oc	50 = 0	00	
MONTHLY COMPARISON TO BUDGET							200	On for	aghan	ociron	NOV-UD	Dec-Ob
PROJECT REVENUE												
fotal Gross Income Potential	-1.1%	-0.8%	-0.6%	-0.5%	-0.1%	0.1%	0.2%	-100 096	400.000	100.00	***************************************	000
Fotal Vacancles and Concessions	%0.0	%000	0.0%	0.0%	%00	900	0.0%	0.0%	0.00	100.0%	-100.0%	-100.0%
Fotal Financial Revenue	-17.9%	-1.0%	-10.8%	10.1%	46%	200	14 000	20000	0.00	0.00	0.0%	0.0%
Fotal Other Income	38.76	20.00	46.0%	19.176	207	0.0%	85.71	-100:0%	-100.0%	-100,0%	-100.0%	-100.0%
COTAL REVENUE	# Too	28.079	12.0%	-8.6%	-16.5%	86.3%	18.4%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
PRO IECT EXPENSES	-1.7%	-2.0%	-1.2%	-0.6%	-0.4%	0.8%	0.2%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
and Market Land and L												
I otal marketing/Administrative Expenses	-6.9%	9.1%	8.0%	%9.0-	45.7%	-18.5%	-0.2%	-100.0%	-100.0%	-100,0%	-100.0%	-100.0%
lotal unities	-6.3%	-5.8%	-5.4%	4.8%	5.2%	-13.8%	-1.3%	-100.0%	-100.0%	-100.0%	-100 0%	-1000%
fotal O&M Expenses (net of CAM)	13.0%	-46.1%	1.9%	-17.5%	-10.0%	-4.8%	-19,5%	-100.0%	-100 0%	-100 0%	-100 0%	-1000%
Fotal CAM Charges	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-100.0%	-1000%	100.000	400.000	*0000
Total Reserve Expenditures	-3,4%	127.7%	80.2%	-27.1%	2.6%	-21 7%	A2 1%	-100.0%	-100.0%	100.00	100.0%	-100.0%
Total Taxes and Insurance	77 0%	.A 1%	-17 4%	8.0%	2 5 6	70.40	2 2	400.004	2000	0.001-	-100.038	-1000
Total Service Expenses	-122.7%	100.000	400.000	400.004	2000	2.170	7	-100,0%	-100.0%	-100.0%	-100.0%	-100.0%
Base Rent	2000	-100.0%	-100,0%	360.001-	-100,0%	-100.0%	-100.0%	-100.0%	-100.0%	-100,0%	-100.0%	-100.0
TOTAL OBEDATING EXPENSES	30 E	3000 3000 3000 3000 3000 3000 3000 300	800	26%	2.6%	2.6%	2.6%	-100,0%	-100.0%	-100 0%	-100.0%	-100,0%
OTAL OPERALING EXPENSES	-1.3%	-5.8%	-0.5%	-3.7%	8.4%	-8.2%	-5.8%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
Available for Distribution	-2.0%	1.1%	-1 8%	1.9%	-7.5%	8.1%	5 1%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
IIDA % Kent	-2.0%	1.1%	-1.8%	1.9%	-7.5%	8.1%	5.1%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
JSCO % Kent	-2.0%	11%	-1.8%	1.9%	-7.5%	8.1%	5.1%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
CUMULATIVE COMPARISON TO BUDGET												
NOSECI REVENUE												
Fotal Gross Income Potential	-1.1%	%6.0-	-0.8%	-0.8%	-0.6%	-0.5%	-0.4%	-12.9%	-22.5%	-30.3%	.36.6%	-41 0%
Fotal Vacancies and Concessions	9,000	%0.0	0.0%	0.0%	960'0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Financial Revenue	-17.9%	-9.5%	-9.8%	-2.7%	-1.2%	-0.1%	2.4%	-10.4%	-20 4%	-28.4%	-34 9%	40.3%
Fotal Other Income	38.7%	4.4%	-2.2%	-3.8%	-6.3%	9.1%	10.4%	-3.4%	-14 1%	22 7%	-20 7%	35.6%
TOTAL REVENUE	-1.7%	-1.8%	-1.6%	-1.4%	-1.2%	%60-	-0.7%	-13 1%	-22 R%	30.5%	36 80	A2 48/
PROJECT EXPENSES							-				0000	7
Fotal Marketing/Administrative Expenses	46.9%	1 1%	3.4%	2.4%	11.0%	6.1%	5.2%	-7.9%	-18.2%	-26.4%	-33.0%	.38 6%
Fotal Utilities	-6.3%	%0.9°	-5.8%	-3.2%	-1.5%	-3.5%	-3.2%	-15.3%	-24 7%	-32.3%	38.4%	.43 5%
Total O&M Expenses (net of CAM)	13.0%	16.5%	-10,4%	-12.2%	-11.7%	-10.6%	-11 8%	.22 94%	-31 46.	38 3%	42.00%	20,00
Total CAM Charges	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	.0.2%	-12 654	22.38	20 00	20.02	44.00
Total Reserve Expenditures	-3.4%	62.1%	61.5%	39.4%	32.0%	33.065	42 7ac	2000	10.00	20.00	-30.076	9.1.4
Fotal Taxes and Insurance	4.0%	90.0%	78.6-	.8 9%	A 4%	-5.0%	4 992	46.787	41.0%	-20.4%	-2/ 6%	-33.6%
Total Service Expenses	-122 7%	-111 346	-107.6%	-106 784	104.59	400 000	200 007	400 000	20.03	2 1	200.430	\$ n.#
Base Rent	0.0%	0.0%	7000	0.787	4 400	4 200	200.	-102.076	-102.078	-102.3%	-102.1%	-101.9%
FOTAL OPERATING EXPENSES	1 %	36%	2 55	2 8 8 7	2000	N 20 +	200	-11-62s	2773	-78 a.w		40.8%
Available for Distribution	1000	2000	2.0.0	2.0.2	-0.0%	1.3%	-2.4%	-14.4%	-23.7%	-31.2%	-37.3%	-42.5
IDA % Bent	2.0%	-0.4%	86.0	-0.2%	-1.6%	%0.0	0.7%	-12.1%	-22.0%	-29.9%	-36.4%	41.7%
SCO % Bent	-2.0%	-0.4%	-0.9%	-0.2%	-1.6%	%0.0	0.7%	-12.1%	-22.0%	-29.9%	-36.4%	-41.7%
	7000											





#### CITY AND COUNTY OF SAN FRANCISCO



DENNIS J. HERRERA City Attorney

#### MEMORANDUM

TO:

FROM:

ALL ELECTED OFFICIALS

ALL BOARD AND COMMISSION MEMBERS

ALL DEPARTMENT HEAD

DENNIS J. HERRERA City Attorney

DATE: August 23, 2006

RE: Political Activity By City Officers and Employees



As the November general election approaches, the City Attorney's Office would like to take the opportunity again to remind City officers and employees of the laws that restrict their use of City resources for political activities. To this end, I am providing to you this information sheet, which outlines the basic rules and principles governing the political activities of City officers and employees. These materials are intended as a general guide and are not a substitute for legal advice. Please contact the City Attorney's Office with any questions related to these materials or participation in political activities.

#### Misuse of City Resources and Personnel

State law prohibits government employees from using City resources to support or oppose a ballot measure or the election or defeat of a candidate at the federal, state, or local level. Local law also prohibits City officers and employees from engaging in political activity during working hours or on City premises.

### · What is a misuse of City resources?

Any use of City resources or personnel for political activity is prohibited. This ban prohibits any use of telephones, copiers, fax machines, computers, office supplies or any other City resources for political purposes. City personnel's time and attention may not be diverted from their City duties for political purposes. Addressing envelopes, circulating petitions, making telephone calls, or engaging in similar types of campaign activity on City time is prohibited.

Example: On his lunch hour, a City employee uses his City computer to send invitations to a fundraiser for a candidate. The employee has misused City resources by using his City computer for political activity. The fact that he was on his lunch hour does not matter.

#### · May a Board or Commission take a position on a ballot measure?

The prohibition on use of City resources for `political activity also means that City officers and employees may not use their official positions to influence elections. Thus,

CITY HALL • 1 DR. CARLTON B. GOODLETT PLACE, SUITE 234 • SAN FRANCISCO, CALIFORNIA 94102-0917 RECEPTION: (415) 554-4700 • FACSIMILE: (415) 554-4745

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ALL BOARD AND COMMISSION MEMBERS

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appointed boards and commissions may not vote to endorse a measure or a candidate. <sup>1</sup> Nor may City officials distribute campaign literature at City events or include campaign literature in official mailings to employees or members of the public.

Example: Members of a City Commission feel strongly about the merits of a measure appearing on the ballot that relates to matters within their jurisdiction. The Commission may not vote on a resolution to support or oppose the ballot measure because the use of the City's resources necessary to facilitate the vote would constitute a misuse of City resources for political activity. The Commission may ask staff for information about the impact of the ballot measure on the City and individual commissioners may support or oppose the measure on their own time using their own resources.

#### · May City officers and employees analyze a ballot measure's effects?

City officers and employees may lawfully use City resources (where budgeted for such a purpose) to investigate and evaluate objectively the potential impact of a ballot measure on City operations. The analysis may be made available to the public.

Example: A City Department wants to inform its Commission about the potential impacts on the Department if a ballot measure passes. If the Department has money budgeted for the purpose, the Department may research the potential impact of the measure and present objective information to the Commission. The analysis may also be made available to the public.

#### · May City officers and employees respond to inquiries about a measure?

City officers and employees may respond to public requests for information, including requests to participate in public discussions about ballot measures, if the officer's or employee's statements are limited to an accurate, fair, and impartial presentation of relevant facts to aid the voters in reaching an informed judgment regarding the measure.

Example. A City Department wants to prepare a powerpoint presentation about a ballot measure explaining the Department's view that the measure could have a significant negative impact on the City. Any such presentation must be limited to an accurate, fair and impartial presentation of the relevant fact.

<sup>&</sup>lt;sup>1</sup> In contrast to appointed Commissions and Boards, the legislative body of the City and County may take a position on a ballot measure.

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#### · What is an objective and impartial presentation?

Courts will evaluate materials prepared or distributed by a public entity in terms of whether they make a balanced presentation of facts designed to enhance the ability of the voters intelligently to exercise their right to vote, or whether the communications promote a particular position for or against a ballot measure. City officers and employees who are considering providing the public with an informational presentation regarding a ballot measure should consult in advance with the City Attorney's Office.

#### · What are the penalties for violating the law?

Courts may impose considerable penalties for violation of these laws. Under State law, misappropriating public funds is a felony punishable by imprisonment and a ban on holding public office in the State. Under local law, use of City funds for political or election activities also may be deemed official misconduct that justifies removal of a public officer, or cause to fire a public employee. The conduct of City officers and employees also may risk liability for the City. For example, the Fair Political Practices Commission ("FPPC") fined the County of Sacramento \$10,000 for failing to report the use of public funds to prepare and distribute pamphlets on pending ballot measures.

#### Off-Duty Political Activities By City Officers and Employees

City officers and employees have a First Amendment right to engage in political activities while off duty. As a general rule, officers and employees may take a public position, as private citizens, on an electoral race or a ballot measure. Federal law imposes some restrictions on the political activities of local employees whose principal employment is in connection with federally funded activity. San Francisco also restricts the off-duty political activities of certain officers and employees, including the Ethics and Election Commissions and their employees, and the City Attorney. Finally, local law imposes some off-duty restrictions on all City officers and employees.

#### May City officers and employees use their official titles in campaign communications?

As long as they are not otherwise using City resources to do so, City officers and employees may use their official titles in campaign communications. But it must be clear from the tenor and nature of the communication that the City officer or employee is making the communication in his or her personal capacity and that his or her title is being used for identification purposes only.

#### May City officers and employees solicit campaign contributions from other City officers and employees?

City officers and employees may not directly or indirectly solicit campaign contributions from other City officers or employees or from persons on City employment lists. This prohibition does not preclude a City officer or employee from requesting campaign contributions

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from other City officers or employees if the request is part of a solicitation made to a significant segment of the public that may include officers or employees of the City and the requestor does not use City resources in making the solicitation.

Example. An incumbent City officer sends an invitation to a fundraiser to a list of all graduates from the local college she attended. A number of City employees, who also happened to attend that college, receive invitations. Although the officer sent the solicitation to some City employees, the solicitation is lawful because it was made to a significant segment of the public that included City employees.

• May City officers and employees engage in political activities on City premises?

City officers and employees may not participate in political activities of any kind while on City premises. For the purposes of this prohibition, the term "City premises" includes all City property other than property that is made available to the general public to use for political purposes.

Example. A City employee seeks endorsements for the employee's candidacy for a political party's central committee in the hallways of City Hall. This activity violates the ban on political activity on City premises because it is being done inside City Hall, which is City property that is not made available to the general public for political purposes. Conversely, if the City employee engages in this same activity on the steps of City Hall, the employee would not violate the ban on political activity because the steps of City Hall are made available to the general public to use for political purposes.

May City officers and employees engage in political activities while in uniform?

City officers and employees may not participate in political activates of any kind while in uniform. For the purposes of this prohibition, a City officer or employee is in uniform any time he or she is wearing all or any part of a uniform that he or she is required or authorized to wear when engaged in official duties.

What are the penalties for violating these laws?

A knowing or willful violation of these laws is a misdemeanor, which could result in fines of up to \$10,000 per violation and incarceration in the county jail for up to one year. Violations of these laws may also subject an individual to civil and administrative penalties of up to \$5,000 per violation.

#### OTHER ELECTION RELATED LAWS

The following laws frequently present questions during an election period:

#### CITY AND COUNTY OF SAN FRANCISCO

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#### Mass Mailings at Public Expense

In addition to the general prohibition against using public resources or personnel to engage in political activity, City officers and employees are prohibited from sending at public expense, non-political newsletters or mass mailings that feature or make reference to an elected official. A non-political newsletter or mass mailing is prohibited if all of the following four requirements are met:

- Sent or delivered. The item is sent or delivered by any means to the recipient at his or her residence, place of employment of business, or post office box.
- Features an elected official. The item sent either features an elected officer affiliated
  with the agency that produces or sends the mailing, or includes the name, office, photograph, or
  other reference to an elected officer affiliated with the agency that produces or sends the mailing,
  and is prepared or sent in cooperation, consultation, coordination, or concert with the elected
  officer
- Paid for with public funds. Any of the cost of distribution is paid for with public
  moneys or costs of design, production, and printing exceeding \$50 are paid with public money,
  and the design, production, or printing is done with the intent of sending the item other than as
  permitted by this regulation.
- More than 200 items in a single month. More than 200 substantially similar items are sent in a single calendar month.

Taken literally, this prohibition would preclude any large mailing at public expense, including many mailings essential to the operation of government, such as tax notices, sample ballots, and meeting agendas. To avoid this result, the FPPC has promulgated clarifying regulations that exempt certain types of mailings. For example, the prohibition does not apply to press releases and intra-office communications. Please check with the City Attorney's office if you have any questions about the mass mailing rule.

#### Campaign Contributions

In addition to generally applicable campaign finance laws, City officials should be aware of two important restrictions on campaign contributions that relate to government decisionmaking. The first is San Francisco's restriction on City contractors making contributions to officials who approve their contracts. The second is California Government Code section 84308, which restricts the solicitation of campaign contributions by appointed members of boards and commissions. These two provisions are discussed below.

 May a City contractor give a campaign contribution to a public official who approves the contract?

Local law restricts the ability of a person or entity that contracts with the City to make a campaign contribution to a City elective officer if the contract would require approval by that

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officer. The contractor may not make a campaign contribution to the officer at any time from the commencement of negotiations for the contract until either: (1) negotiations are terminated and no contract is awarded; or (2) three months have elapsed since the award of the contract.

 May members of appointed boards and commissions solicit contributions from persons in a proceeding pending before them?

Members of appointed boards and commissions may not solicit, accept or direct campaign contributions of more than \$250 from any party to or participant in any use entitlement proceeding pending before the board or commission, during the proceeding or for three months after the final decision is rendered in the proceeding. The prohibition does not apply to a body, such as the Board of Supervisors, whose entire membership is elected. But the prohibition would apply to members of the Board of Supervisors when they sit as members of an appointed body.

This rule applies whether the contributions are sought for the official or for someone else, and whether the contributions come directly from the party or participant, or are made by an agent acting on behalf of the party or participant. The prohibition applies to contributions for candidates or ballot measures in federal, state, or local elections.

An official does not violate this rule if the official makes a request for contributions in a mass mailing sent to members of the public, to a public gathering, in a newspaper, on radio or television, or in any other mass medium, provided it is not targeted to persons who appear before the board or commission. An official does not engage in a solicitation solely because his or her name is printed with other names on stationery or letterhead used to ask for contributions.

#### · What is a "use entitlement proceeding?"

A "use entitlement proceeding" is a government action granting, denying, revoking, restricting or modifying a license, permit, or other entitlement for use. Use entitlement proceedings include proceedings on all business, professional, trade and land use licenses and permits, as well as other entitlements for land use, all contracts (other than competitively bid, labor or personal employment contracts) and all franchises. Decisions on general plans, general building or development standards, or other rules of general application are not use entitlement proceedings.

### · Who is a party or participant?

A "party" is a person, including a business entity, who files an application for, or is the subject of a use entitlement proceeding. A "participant" is any person who is not a party to a proceeding but who: (1) actively supports or opposes a particular decision (i.e., lobbies the officers or employees of the agency, testifies in person before the agency, or otherwise acts to influence the decision of the officers of the agency); and (2) has a financial interest in the decision. An "agent" is an individual who represents a party or participant in a proceeding. If an individual agent is also acting as a member of a law, architectural, engineering or consulting firm, or a similar entity, both the entity and the individual are considered agents.

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 When is a member of an appointed board or commission disqualified from proceedings involving a contributor?

A member of an appointed board or commission may not participate in any use entitlement proceeding involving a party or participant (or their agent) from whom the official received a contribution of more than \$250 in the 12 months before the proceeding. The \$250 threshold applies to the combined total of all contributions from the party or participant and from an agent of the party or participant. Disqualification is required only if the official received a contribution for himself or herself in the 12 months before the proceeding. Soliciting contributions before a proceeding begins does not, by itself, require disqualification.

A member of an appointed board or commission may avoid disqualification if he or she returns the contribution (or the portion in excess of \$250) within 30 days of learning of the contribution and the pendency of a use entitlement proceeding involving the contributor. Before the body renders a decision in a use entitlement proceeding, members of appointed boards and commissions must disclose on the record all campaign contributions totaling more than \$250 received in the preceding 12 months from parties to or participants in the proceeding. If there is a public hearing, the official must make the disclosure on the public record at the beginning of the hearing. If no public hearing is held, the disclosure must be included in the written record of the proceeding.









To TIDA Board of Directors

Michael.Cohen@sfgov.org, Mirian Saez/TIDA/SFGOV@SFGOV.

bcc

Subject Information on Bay Bridge Closure over Labor Day Weekend

#### TIDA Directors.

At the meeting last week, questions were raised regarding resident transit and emergency vehicle access to the Islands during the upcoming Labor Day Weekend eastbound Bay Bridge Closure was raised. Please find below a brief rundown of travel and transit affecting Treasure and Yerba Buena Island during this closure. Please contact me should you have any questions or need more information. Thank you.

MUNI 108 service: CalTrans is allowing transit buses onto the Bridge once every hour. The 108 line will leave the Transbay Terminal each hour, at half past the hour, for its route to and around Treasure Island. More information is available at 511.org (http://transit.511.org/announcements/detail.asp/ann=12981)

Emergency Vehicles/Services: The SFFD and SFPD have assigned additional forces to the Island all weekend. CalTrans also has contingency plans in place for allowing extra emergency vehicles access onto the eastbound span if they are needed for emergencies on the Bridge or the Island.

Community notification of closure/alternatives: The following steps were taken by CalTrans to notify the Island community as well as the Bay Area in general

- 1) Light up signs on the TI Causeway.
- 2) Door hangers placed on every door on TI and YBI
- 3) Radio ads
- 4) TV ads
- 5) Information stands at 108 bus stop
- 6) e-mail to all TI residents on their e-mail list
- 7) 511 by phone
- 8) www.baybridgeinfo.org,
- 9) AM840
- 10) Large Banner over YBI tunnel
- 11.) Link to baybridgeinfo.org on TIDA website
- 12.) Presentation at on-Island TIDA Board meeting and August TI/YBI community meeting

Peter Summerville

Treasure Island Development Authority

410 Avenue of Palms, Building 1

San Francisco, CA 94130

415-274-0665

415-274-0299 - fax

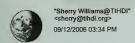
Peter.Summerville@sfgov.org

http://www.sfgov.org/treasureisland









To "Sherry Williams@TIHDI" <sherry@tihdi.org>
cc
bcc
Subject TI Resident to Receive Award from National Law Center in

### Dear Friends & Colleagues:

As most of you know Treasure Island, a former military base, was selected for closure in 1993. In 1994, San Francisco elected to be governed under the federal "Base Closure Community Redevelopment and Homeless Assistance Act of 1994." This Act required the City to propose a plan for using base resources to assist homeless persons as part of its land use plan (Reuse Plan) for the civilian redevelopment of the Base. The Treasure Island Homeless Development Initiative (TIHDI) is a collaboration of community based organizations that was formed to develop the homeless plan.

During the early days of the base closure & reuse planning process, the rules and regulations governing this process and the rights of homeless organizations to access opportunities took very careful scrutiny. TIHDI was fortunate to have excellent local legal help and dedicated and knowledgeable community leaders. In addition, TIHDI had the assistance of the National Law Center on Homelessness & Poverty (NLCHP) who helped pass the original legislation & monitor any new base closure legislation, coordinated and communicated with HUD regarding implementation of the regulations and coordinated a national group of homeless organizations to share strategies and process issues. Even now, 12 years later, the NLCHP is the place TIHDI turns to if there are legal and/or policy questions concerning the Act and its rights under the Act. Their assistance to TIHDI and many other homeless groups around the country has enabled thousands of people to access opportunities to exit homelessness.

The NLCHP gives out annual McKinney-Vento awards (named after the authors of the historic landmark act that gives resources to address homelessness). People who develop affordable housing, pro bono legal counsel and formerly homeless people (Personal Achievement Award) are acknowledged and honored. This year, TIHDI is pleased to announce that Melanie Williams, a resident of Treasure Island is going to receive the Personal Achievement Award (see attached press announcement). Melanie will be traveling to DC to accept this award with CCCYO Program Director & TIHDI board member, Nella Goncalves. Melanie was one of the first residents of Treasure Island, moving to TI in December 1999. She had the first (civilian) baby that was born while living on TI, helped to establish NA & AA support groups & has spoken on behalf of the betterment of the Treasure Island community ever since she moved to the island almost seven years ago. Congratulations Melanie!

You can find out more about these Awards and about the NLCHP by visiting their web site at www.NLCHP.org.

# NATIONAL LAW CENTER

# ON HOMELESSNESS & POVERTY

Contact: Susan Spellman (202) 638-2535 sspellman@nlchp.org Page 1 of 2

#### NATIONAL LAW CENTER ON HOMELESSNESS & POVERTY TO HONOR THE BEST IN HOMELESSNESS PRO BONO AND ADVOCACY

McKinney-Vento Awards to be held on October 3, 2006

WASHINGTON, July 26, 2006 – The National Law Center on Homelessness & Poverty (NLCHP) will honor three groups at the 2006 Stewart B. McKinney & Bruce Vento Awards on October 3 for their innovative solutions to homelessness and poverty.

The Stewart B. McKinney Award recipient is the firm of McCormack Baron Salazar, a development company. McCormack Baron Salazar's principals, Richard Baron and Tony Salazar, have been leaders in providing affordable housing in communities across the country. In particular, McCormack Baron Salazar has become a leader in establishing public private partnerships in housing, and has created a national model for extending housing solutions to persons with disabilities and to people living with HIV and AIDS.

The 2006 Bruce F. Vento Award recipient is the **Freddie Mac Corporation**. Freddie Mac will be honored for its leadership in the housing relief effort after the Gulf hurricanes. Freddie Mac provided help for thousands left homeless, and financially supported advocates in communities across the country reaching out to help displaced persons make concrete progress in rebuilding their lives.

The 2006 Pro Bono Counsel Award recipient is the law firm of **Schulte Roth & Zabel LLP**, which provided exceptional counsel for Hurricane victims in the landmark class action law suit *McWaters v. FEMA et al.* This New York firm contributed extraordinary ground work in the flood zone to make the litigation possible, and the *McWaters* case has resulted in two significant rulings for victims of Katrina and those who might be left homeless by future storms.

The 2006 Personal Achievement Award recipient is **Melanie Williams**. After overcoming drug abuse and living on the streets for four years, Williams and her family moved to a former military base, Treasure Island, located in San Francisco Bay. She has been a tireless leader in encouraging others to maintain their sobriety, and has established support networks and advocated for community wide services that assist others. Williams is a very active parent for all three of her children.

Major sponsors for the McKinney-Vento Awards are Freddie Mac, Schulte Roth & Zabel LLP (Event Sponsors), and Hogan & Hartson LLP (Leadership Circle).

NLCHP annually acknowledges leaders in the fight against homelessness and poverty while paying tribute to two outstanding leaders of Congress, Stewart B. McKinney and Bruce F. Vento. In 1987, Congressman McKinney was a primary sponsor of landmark legislation providing

### NATIONAL LAW CENTER

## ON HOMELESSNESS & POVERTY

Page 2 of 2

#### --continued--

federal assistance to Americans experiencing homelessness. The Stewart B. McKinney Homeless Assistance Act was the first, and is still the only, major federal legislation addressing homelessness.

Stewart McKinney's major partner who served as one of the original authors of the McKinney Act was Congressman Bruce F. Vento. Congressman Vento championed legislation to help homeless people become more self-sufficient. The Bruce F. Vento Award honors those who demonstrate extraordinary commitment to helping homeless people build better lives.

NLCHP also recognizes its partners in the legal community who provide pro bono legal services to the poorest Americans. The Pro Bono Counsel Award is presented to a law firm that demonstrates the commitment of the legal profession to provide pro bono legal services that significantly transform the lives of men, women and children experiencing homelessness.

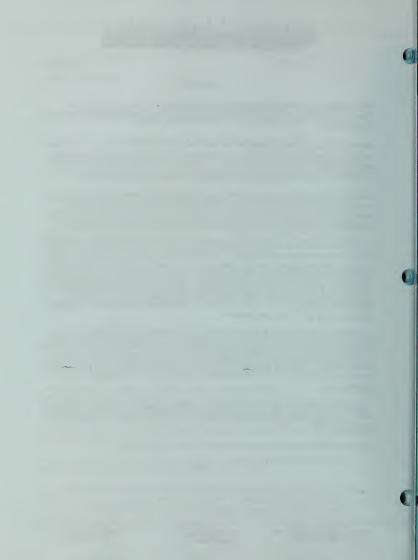
NLCHP advocates for solutions to homelessness that address its root cause—poverty. Founder and Executive Director Maria Foscarinis is a former Sullivan & Cromwell associate who got involved in the issue of homelessness through a pro bono project—and left the firm to become a full-time advocate. In 1987 Foscarinis harnessed the resources of the legal and housing rights communities to push for enactment of the landmark McKinney-Vento Homeless Assistance Act. She founded the Law Center in 1989, and for nearly two decades, NLCHP has worked to implement the McKinney-Vento Act, guarantee its enforcement, and advocate for additional measures to end and prevent homelessness.

Foscarinis notes that, "We're honored to celebrate the work of this year's award recipients. These award winners have all made critical advances in ways that further the cause of promoting the rights of homeless people, facilitating their access to services, and holding all levels of government accountable for the way homeless and poor people are treated. We're pleased to promote their example to other organizations advocating for policies and programs to end homelessness."

This year's McKinney-Vento Awards event will be held on Tuesday, October 3 at 6:30 p.m., with a dinner and awards presentation at 7:00 p.m. at the Hotel Monaco, 700 F Street NW, Washington, DC.

For more information contact Susan Spellman at NLCHP at 202-638-2535

-- 30--









September 13 2006

Yerba Buena Island Residents San Francisco, CA 94130

RE: Unauthorized tree cutting on Yerba Buena Island;

Dear Resident.

It has come to my attention that someone has been cutting trees on the hillside facing San Francisco. In addition to destroying trees on the island, this action destroyed a portion of the fence. I must inform you that this activity must stop immediately; it is dangerous as well as illegal. I have been instructed to contact our legal department, as well as the local authorities because of the seriousness of the action. The Villages will terminate any leaseholders lease immediately upon discovering they have participated in the destruction of any trees on Yerba Buena Island.

Leaseholders are to be reminded that this action is a direct violation of the House Rules, which each member signs prior to admittance to this community,

See house rules, paragraph 2 and 3.

- 2) Landscaping and grounds in common areas will be maintained solely by management and may not be altered by residents.
- 3) Residents and their guest shall not commit or suffer to be committed any waste upon said premises, and nuisance or any other act which may disturb the quiet enjoyment of any resident. Public areas shall not be defaced and no littering shall be permitted.

enjoyment of any resident. Public areas shall not be defaced and no littering shall be permitted.

Additionally, the offense is a violation of the S.F. Municipal Code and carries serious repercussions:

a) Criminal Penalties. Violation shall be chargeable as an infraction or a misdemeanor. Every violation determined to be an infraction is punishable by a fine of \$200 for a first violation and \$400 for each additional violation within one year. Every violation determined to be a misdemeanor is punishable by a fine not exceeding \$1,000 and/or imprisonment in the County Jail for a period not to exceed six months, for each offense.

Additional penalties can include:

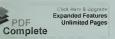
- (b) Civil Penalties and Fees.
- (c) Administrative Penalties.

The Villages, and this community will not tolerate such behavior; it is again dangerous and destructive to the environment. Please contact the leasing office immediately if you have any information regarding this issue.

Thank you, Reginald Hairston Administrator







Office of the Mayor City & County of San Francisco



Gavin Newsom

September 18, 2006

Departmental Directors and Commission Secretaries:

In a continuing effort to increase governmental efficiency and performance, I want to ensure consistent attendance of appointed representatives to our City and County commissions. I believe that consistent commissioner attendance is necessary for each commission to function well and effectively advance departmental goals. Appointments to commissions have been made by my office in order to allow for diverse viewpoints to be represented, so each commissioner's participation is essential.

Along those lines, my office is interested in establishing baseline standards of commissioner attendance across all city commissions:

- All commissioner absences be 'excused absences,' in which a commission secretary or the
  appropriate departmental representative is notified in advance of the meeting about the
  absence.
- A working goal of 100% attendance for commissioners, which recognizes the critical
  importance of each commissioner's attendance at meetings. As a practical matter, I believe it is
  appropriate to ask that each commissioner have at least 90% attendance to their regular
  commission's meetings—recognizing that illnesses or family emergencies arise very
  occasionally.
- In order to monitor efforts toward this goal, I ask that commission secretaries submit an annual report to my office at the end of each fiscal year detailing commission attendance.
- Moreover, I ask commission secretaries contact my commissions liaison if a commissioner
  misses a meeting without contacting the department in advance, or when a commissioner has
  missed three meetings in a fiscal year, so that my office may contact that commissioner.

Please-consider incorporating these standards into your commission's policies and procedures as appropriate.

Each individual commissioner's experiences and skills are highly valued, and consistent attendance allows for the full potential of each commission to be utilized. Meeting attendance is also one of the many factors my office uses to consider future appointments of individuals currently serving on commissions, so detailed attendance records will be helpful to our appointment process.

Should you have any questions about this letter, please contact Wade Crowfoot at 554-6640.

Yours sincerely,

Gavin Newsom









#### A Brief Overview of the Navy's Environmental Cleanup Activities In The Treasure Island Housing Area

September 2006

www.bracpmo.navy.mil/bracbases/california/treasure island

#### KEEPING YOU UPDATED

This update provides information about the Navy's ongoing and planned environmental activities in the Treasure Island (TI) Housing Area and opportunities for community involvement. On the back page you will find a contact list and resources for more information.

#### THE NAVY'S ENVIRONMENTAL CLEANUP PROGRAM

The primary goal of the Navy's Environmental Cleanup Program at former Naval Station Treasure Island (NAVSTA TI) is the protection of human health and the environment for all those who file, work, and visit NAVSTA TI, which includes both TI and Yerba Buena Island (YBI). The Navy's environmental investigation and cleanup activities are part of a complete program with coordination and oversight from the Department of Toxic Substances Control (DTSC), the U.S. Environmental Protection Agency (U.S. EPA), and the San Francisco Bay Regional Water Quality Control Board (Water Board). The TI Housing Area, consisting of 90 acres at the north end of TI, is included in this program and is shown on the map to the right. This area is identified in Navy environmental documents as Installation Restoration Site 12.0 (Id Bunker Area, or Site 12.9).

#### LOCATION OF TI HOUSING AREA



Ephotograph taken and georetic reneal by HIV. Compute Visc. (1711) 15.7 w

#### WHAT IS THE HISTORY OF THE TREASURE ISLAND HOUSING AREA?

#### TIMELINE OF THE TI HOUSING AREA

1939 - Golden Gate International Exposition TI Housing Area used as a parking lot for that event

1940 - Navy took over TI, became NAVSTA TI

#### 1940-1960s - Area used for:

- Open space and recreational fields
- Munitions bunkers
- Vehicle and equipment storage
  - Burning and disposal of debris (wood, glass, metal) and petroleum products in distinct areas

1960s-1980s - Navy built 904 residential units

1997 - NAVSTA Tt closed

1999 - Non-military residents began leasing

Before the TI Housing Area residential units were both, and home many of today's environmental laws governing the handling of water materials (Trash) and construction debris, the Navy used personant the TI Housing Area for solid waste disposal. Disposed tiems induced a variety of waste materials and debris created from base open users on NAVSTA TI. Base operations included training, demolition and construction of facilities, maintenance, transportation, and stup repair and refurbishing. As was common practice, some of the analymaterial and debris were burned, creating, as handwards.

Through numerous investigations, the Navy has characterized treegeneral type and amount of contamination and is in the process at developing work plans to address the areas that are most affected. The Navy has put up fences or placed soil or concrete over soil in some areas to minimize exposure and ensure safety while clearop plans are completed. While there is some contamination currently remaining in the TI Housing Area, it does not pose an immediate threat to human health given the precautions that have been taken. Read on for descriptions of the investigations and the results.

#### WHAT HAS THE NAVY DONE TO INVESTIGATE THE TREASURE ISLAND HOUSING AREA?

Since the early 1990s, the Navy has conducted a series of soil and groundwater investigations in the TI Housing Area. Some of you may have seen or received notices about Navy contractors drilling or excavating trenches. Over 4,900 individual soil samples and 600 groundwater samples have been collected at locations in the TI Housing Area. The Navy, working as a team with DTSC, U.S. EPA, and the Water Board, and with input from the City and County of San Francisco, has evaluated the sampling data, studied aerial photographs from the 1940s and later, and reviewed historical Navy records and reports. Each phase of the investigations has been carefully planned based on environmental regulations and guidance and information gathered in earlier investigation phases in a step-by-step process.

#### WHAT ARE THE RESULTS OF THE NAVY INVESTIGATIONS AND ACTIVITIES TO DATE?

The results of investigations identified four distinct areas where waste material and burned debris disposal routinely occurred before the bousing units were built. These areas are identified by the Navy as the Solid Waste Disposal Areas. Some of the disposed fiftlerial buried in the soil in these areas contains petroleum and hazardous substances such as lead from lead-based paints commonly used during that time, polychlorinated biphenyls (PCBs) from electrical and hydraulic equipment, dioxins from burned material, and polycyclic aromatic hydrocarbons (PAHs), which are often associated with petroleum products and burned material.

Investigation results have also shown that waste material was scattered in small locations outside the four Solid Waste Disposal Areas during grading of the soil for construction of the housing. The Navy is addressing this contamination with the regulatory agencies. As a precaution, there are rules in place to ensure the safety of residents, including no gardening, digging, or disturbing soil. The Navy has installed fences around the Solid Waste Disposal Areas to restrict access. In addition, in a few backyards near the fenced areas, the Navy has taken tempogazy:pneasures to prevent contact with the underlying soil by placing sod or concrete titles in those backyards.

Remember the signs you see posted and the NAVSTA TI rules are in place for your safety. The Navy appreciates the cooperation of tenants and visitors in observing posted signs identifying areas where entry is prohibited. Please refer to the rules provided by your housing management company for do's and don'ts in backyards and common areas, including not digging or otherwise disturbing soil.

The groundwater at TI has also been investigated to determin potential impacts to the Bay; however, it is not an issue with reto human health since groundwater from TI is not used for drinwater, or for any other purpose. Drinking water is piped in from the City of San Francisco.

#### WHAT ARE THE PLANNED CLEANUP ACTIVITIES FOR THE TI HOUSING AREA?

Presently, the Navy is preparing a planning document for the cleanup of the four Solid Waste Disposal Areas. That planning document is called an Engineering Evaluation/Cost Analysis, or EE/CA, and will be issued in October 2006. The Navy will hold a public meeting to discuss plans for work to be done in the Solid Waste Disposal Areas, and how that work may affect you.

In addition, the Navy is preparing a report to-address the entire TI Housing Area. This is called a Remedial Investigation Report, and it will be issued sometime in mid 2007.

To keep the community informed about the ongoing and planned environmental investigations and cleanup activities for the TI Housing Area, the Navy will:

- Mail fact sheets with specific information about planned activities and announce public comment periods
- Hold a public meeting during the EE/CA cleanup planning document public comment period this October
- Mail work notices to announce field work and road closures
- Provide contact information so the community may ask questions, access environmental documents, and be added to the mailing list

Look for an upcoming fact sheet about the EE/CA cleanup planning document and an announcement for the public meeting,

#### HOW CAN I GET MORE INFORMATION NOW?

There are several ways to get more information. You may contact any of the people on this contact list.

Name/Title	Organization	Phone/Fax	Address	E-mail
James Sullivan BRAC* Environmental Coordinator	Navy BRAC Program Management Office West	(619) 532-0966 (415) 743-4704 Fax: (619) 532-0983	1455 Frazee Road Suite 900 San Diego, CA 92108-4310	james.b.sullivan2@navy.mi
La Rae Landers Lead Remedial Project Manager	Navy BRAC Program Management Office West	(619) 532-0970 Fax: (619) 532-0983	1455 Frazee Road Suite 900 San Diego, CA 92108-4310	larae.landers@navy.nal
Jill Votaw Public Affairs Officer	Navy BRAC Program Management Office West	(619) 532-0941Fax. (619) 532-0983	1455 Frazee Road Suite 900 San Diego, CA 92108-4310	RB corrections with
David Rist Remedial Project Manager	Department of Toxic Substances Control	(510) 540-3763 Fax: (510) 849-5285	700 Heinz Ave. Berkeley, CA 94710	
Richard Perry Public Participation Specialist	Department of Toxic Substances Control	(510) 540-3910 Fax: (510) 540-3927	700 Heinz Avc. Berkeley, C.A 94710	rperryodis, organ
Agnes Farres Remedial Project Manager	Regional Water Quality Board Control	(510) 662-2401	1515 Clay Street Suite 1400 Oakland, CA 94612	afarresia waterboards.रव-पूरक
James Ricks Remedial Project Manager	U.S. Environmental Protection Agency	(510) 972-3156 Fax: (415) 947-3520	75 Hawthorne Street 8th Floor San Francisco, CA 94105	neks james@epe gm

<sup>\*</sup>BRAC is also known as Base Realignment and Closure.

Attend the Navy's Restoration Advisory Board (RAB) Meetings, held the third Tuesday of every office mouth at the Casa de la Vista on TI. Updates on basewide environmental investigations and activities are presented at the meetings. RAB meetings are currently scheduled for October 17, 2006 and December 20, 2006.

Visit the Navy's website, which contains historic and current information including ioformation on becoming a RAB member. It can be viewed at: <a href="https://www.bracpmo.navy.mil/bracbases/california/treasure-island">www.bracpmo.navy.mil/bracbases/california/treasure-island</a>

In addition, the following two local information repositories have been established for community arcass to NAVSTA TI Environmental Cleanup Program documents:

Navy BRAC Caretaker Support Office 410 Palm Avenue, Building 1, Room 161 Treasure Island, San Francisco, CA 94130 (415) 743-4704

AND

San Francisco Public Library Government Publications Section 100 Larkin Street, San Francisco, CA 94102 (415) 557-4400

#### NAVSTA TI MAILING COUPON

If you would like to be added to the TI/YBI mailing list and receive copies of future newsletters and fact sheets, please fill out the coupon below and mail it to:

James Sullivan
Navy BRAC Program Management Office West
410 Palm Avenue
Building 1, Room 161
Treasure Island, San Francisco, CA 94130-1806

1,1000011		
Name		
Address		
City	State	Zip
E-mail Address		
ADD MY NAME TO THE MAILING LIST	DELETE MY NAME	FROM THE WAILING LIS



James Sullivan
Navy BRAC Program Management Office West
410 Palm Avenue
Building 1, Room 161
Treasure Island
San Francisco, CA 94130-1806



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ENTERED

SEP 2006

TREASURE ISLAND

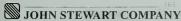
DEVELOPMENT

AUTHORITY

Secretary/Webmaster Peter Summerville Treasure Island Development Authority 410 Palm Ave. Bldg. 1, 2 FL San Francisco, CA 94130







June 20, 2006

Ms. Joanne Sakai Acting Executive Director Treasure Island Development Authority One South Van Ness Ave. 5<sup>th</sup> Floor San Francisco, CA 94103



Subject: Treasure Island Financial Statements

Dear Ms. Sakai,

Consistent with our past practice, we transmit audited financial statements for our subtenancy and management at Treasure Island as prepared by Certified Public Accountants Perotti and Carrade. In addition to the balance sheet, income and expense statement and statement of cash flow, notes to the financial statements on pages 8 through 11 are informative, particularly the supplemental schedule on page 11 which shows the waterfall of revenues on a monthly basis. At your convenience we will be happy to review these statements and any of the other financial and management reports issued by our office.

Sincerely, The John Stewart Company

John/K. Stewart

cc: Jack Sylvan, Depute Director, TIDA Marc McDonald, Facility Manager, TIDA Jack Gardner, President, JSCO Loren Sanborn, Sr. Vice President, JSCO Ned York, Senior Director, JSCO



#### Perotti And Carrade

Certified Public Accountants A Professional Corporation

#### THE JOHN STEWART COMPANY

FINANCIAL STATEMENTS
RELATING TO THE SUBTENANCY
AND MANAGEMENT OF TREASURE ISLAND
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

## FINANCIAL STATEMENTS RELATING TO THE SUBTENANCY AND MANAGEMENT OF TREASURE ISLAND AND INDEPENDENT AUDITORS' REPORT

#### FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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Notes to Financial Statements	6-10
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and Funding of Ledger Account	11



#### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The John Stewart Company:

We have audited the accompanying balance sheets relating to The John Stewart Company's subtenancy and management of Treasure Island as of December 31, 2005 and 2004 and the related statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The John Stewart Company's subtenancy and management of Treasure Island as of December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule on page 11, reflecting the disbursement of revenue, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

March 16, 2006

Perothi of Comme

## BALANCE SHEETS RELATING TO THE SUBTENANCY AND MANAGEMENT OF TREASURE ISLAND DECEMBER 31, 2005 AND 2004

ASSETS	ΓS
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		2005		2004
Cash	\$	267,790	\$	159,046
Tenant receivables, (net of allowance for doubtful accounts:	•	,	Ť	,
2005, \$38,603; 2004, none)		75,955		100,577
Percentage rent receivables from TIDA		11,542		216,143
Percentage rent and other receivables from The John				
Stewart Company		7,975		2,712
Insurance claim receivable				183,238
Tenant security deposits		846,313		938,677
Replacement and possessory interest reserves		742,498		800,690
Prepaid property and liability insurance		81,477		119,981
Prepaid possessory interest fees		136,614		
Residential rehabilitation costs - net of amortization:				0.505.4.40
2005, \$9,607,631; 2004, \$8,177,631		1,097,149		2,527,149
Capitalized marketing and other costs associated with lease		12.011		42.010
- net of amortization: 2005, \$386,044; 2004, \$356,836		13,811		43,019
Total	\$ _	3,281,124	\$ :	5,091,232

#### LIABILITIES AND ACCUMUŁATED INCOME

Operating and rehabilitation costs payable	\$ 938,577	\$ 1,050,169
Percentage rent and development fee payable to		
The John Stewart Company		40,450
Rents paid in advance	45,109	20,870
Accrued possessory interest fees		247,341
Tenant security deposits	843,639	972,276
Accumulated income	1,453,799	2,760,126
Total	\$ 3,281,124	\$ 5,091,232

## STATEMENTS OF OPERATIONS FOR THE SUBTENANCY AND MANAGEMENT OF TREASURE ISLAND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
Revenues:		
Rental revenues, net of vacancy:		
2005, \$885,977; 2004, \$1,098,208	\$ 13,317,951	\$ 13,145,548
Interest and other rental related income	138,529	124,134
Total	13,456,480	13,269,682
Operating Expenses:		
Base and percentage rent	8,105,712	8,020,038
Utilities	1,614,473	1,548,251
Administrative expenses	1,111,199	1,244,593
Landscaping, disposal and other maintenance expenses	1,501,505	1,199,689
Possessory interest taxes and insurance	579,903	689,676
Navy common area maintenance charge	362,454	361,486
Marketing expenses	41,840	71,617
Total	13,317,086	13,135,350
Operating Income before Amortization		
and Other Income:	139,394	134,332
Other Income and Expense:		
Depreciation and amortization expense	(1,459,208)	(1,464,477)
Other income	13,487	18,546
Total	(1,445,721)	(1,445,931)
Net Loss	(1,306,327)	(1,311,599)
Accumulated Income, Beginning of Year	2,760,126	4,071,725
Accumulated Income, End of Year	\$ 1,453,799	\$ 2,760,126

## STATEMENTS OF CASH FLOWS FOR SUBTENANCY AND MANAGEMENT OF TREASURE ISLAND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

		<u>2005</u>	2004
Cash Flows from Operations:			
Rental receipts	\$	13,332,813	\$ 13,128,992
Interest and other income		152,016	142,680
Total operating receipts		13,484,829	13,271,672
Base, special percentage and percentage rent		7,923,678	7,931,285
Utilities		1,614,853	1,525,186
Administrative expenses		1,100,617	1,276,169
Operating and maintenance expenses		1,528,000	1,199,689
Possessory interest taxes and insurance		966,610	869,173
Navy common area maintenance charges		362,454	298,449
Costs (reimbursed) advanced related to insurance claim		(104,452)	104,452
Marketing fees		42,517	71,171
Total operating disbursements		13,434,277	13,275,574
Net cash provided by (used for) operations		50,552	(3,902)
Cash Flows from Investing Activities:			
Expended on residential rehabilitation			(8,674)
Funding replacement reserve		(154,875)	(154,587)
Funding possessory interest tax reserve		(302,719)	(303,456)
Withdrawals from possessory interest tax reserve		515,786	282,984
Net cash provided by (used for) investing activities		58,192	(183,733)
Cash Flows from Financing Activities:			
Payment of development fees			(16,326)
Net cash used for financing activities			(16,326)
Net Increase (Decrease) in Cash		108,744	(203,961)
Cash at Beginning of Year		159,046	363,007
Cash at End of Year	\$ _	267,790	\$ 159,046

## RECONCILIATION OF NET LOSS TO CASH PROVIDED BY (USED FOR) OPERATIONS FOR SUBTENANCY AND MANAGEMENT OF TREASURE ISLAND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
Net Loss	\$ (1,306,327)	\$ (1,311,599)
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	1,459,208	1,464,477
Changes in assets and liabilities:		
Decrease (increase) in tenant receivables	24,622	(42,622)
Decrease in TIDA percentage rent and other receivables	207,313	145,658
Decrease (increase) in insurance claim receivable	183,238	(183,238)
Decrease (increase) in prepaid insurance	38,504	(106,322)
Change in security deposit asset and liability accounts	(36,273)	33,698
(Decrease) increase in accounts payable	(111,592)	70,306
Increase in percentage rent related to		•
The John Stewart Company	(48,425)	40,450
Increase (decrease) in rent received in advance	24,239	(279)
Decrease in accrued possessory interest taxes and insurance	(383,955)	(114,431)
Net Cash Provided by (Used for) Operations	\$ 50,552	\$ (3,902)

## FINANCIAL STATEMENTS RELATING TO THE SUBTENANCY AND MANAGEMENT OF TREASURE ISLAND

#### NOTES TO FINANCIAL STATEMENTS

#### 1. ACTIVITIES REFLECTED IN THE FINANCIAL STATEMENTS

The John Stewart Company (the "Company") provides management, syndication, development, marketing and consulting services to a variety of real estate clients located in the Greater Bay Area and Sacramento regions of Northern California, and the Los Angeles, Bakersfield and San Diego regions of Southern California.

On March 17, 1999, the Company signed a sublease with the Treasure Island Development Authority (the "Authority" - the City and County of San Francisco) for the rehabilitation, marketing, and management of 766 housing units resulting from the closure of the Treasure Island Naval Station and conversion to public use. The accompanying financial statements and the supplemental schedule reflect the activities of the Company in connection with the sublease.

The sublease commenced on April 22, 1999, and originally expired seven (7) years thereafter. Because the Navy, the Master Landlord, failed to issue a Finding of Suitability of Lease ("FOSL") timely, thirty-six (36) units originally scheduled to be rehabilitated and rented remained in their original condition. Pursuant to the terms of the sublease as amended, the lease was extended for an additional year and a rent reduction of \$162,000 applicable to 2001 occurred. There was a second amendment to the sublease in 2003 to reflect a one time development fee of \$42,560 for worked performed on some delayed units.

In accordance with the terms of the lease, the Company pays the Authority, in addition to other rents, "In-kind Rent" by transferring title to all improvements and renovations the Company makes to the units it rehabilitates, as they are completed. For accounting purposes, however, the costs of all improvements and renovations are capitalized by the Company and amortized over the term of the lease as extended. In consideration for paying the Authority in-kind and other rents, the Company is entitled to fees for development, marketing and management services performed, and a share of net rental revenue. Funds to pay these expenses are to be obtained from the Company's subleasing of the 766 rehabilitated housing units. Disbursements from monthly Gross Revenue generated during 2005 are reflected in the supplemental schedule accompanying these financial statements and reflect the following priorities:

Base Rent: Rent is paid to the Authority monthly and is 1/12th of an annual base rent. Annual base rent is \$200,000 in the first year of the lease, \$400,000 in years two and three, \$450,000 in year four, and \$500,000 in years five through seven. Annual base rent is adjusted in years three, six, and seven for the change in the San Francisco-Oakland-San Jose consumer price index.

## FINANCIAL STATEMENTS RELATING TO THE SUBTENANCY AND MANAGEMENT OF TREASURE ISLAND

#### NOTES TO FINANCIAL STATEMENTS

#### 1. ACTIVITIES REFLECTED IN THE FINANCIAL STATEMENTS (continued)

Operating Expenses - These expenses are paid to maintain, market and manage the property.

Funding Replacement Reserve - A deposit in the amount of \$20 per rentable unit per month until the replacement reserve reaches \$1,000 per rentable unit. Insufficient Gross Revenue to make the monthly deposit results in neither accrual nor addition to the ledger account. Upon expiration of the lease, the balance in this account becomes the property of the Authority.

Management Fee - The Company earns three percent of Gross Revenues to a maximum of \$400,000 per year adjusted annually, from the initiation of the lease, for the change in the San Francisco-Oakland-San Jose consumer price index. The management fee earned in each year does not exceed the maximum allowable.

Development Fee - A development fee which totals \$958,611 is reduced by \$1,252 for each unit which proves to be unrentable. Pursuant to the First Amendment to the Sublease executed on August 15, 2000, the development fee increased from \$1,252 to \$2,349 per rentable unit relating to performance of the work on the 52 housing units on Yerba Buena Island, and an additional cost of \$59,411 was added to the total development fee. Pursuant to the Second Amendment to the Sublease executed in 2003, the Company earned a one time development fee of \$42,560 for work performed on some delayed units. All development fees have been paid.

Percentage Rent - During lease years one (1) through five (5) Gross Revenue remaining after all of the above have been paid is allocated ninety-three percent (93%) to the Authority and seven percent (7%) to the Company. In lease years six (6) and seven (7) the Authority receives ninety-four percent (94%) and ninety-five percent (95%) and the Company receives six percent (6%) and five percent (5%), respectively. According to the First Amendment of the Sublease, the allocation terms applicable to years one (1) through five (5) apply for the duration of the lease relative to the 52 housing units on Yerba Buena Island.

Bad Debts - Bad debts are recognized as an expense in the supplemental schedule using the direct write off method while the accompanying financial statements reflect a provision for uncollectible amounts based on the likelihood that collectibility is doubtful.

## FINANCIAL STATEMENTS RELATING TO THE SUBTENANCY AND MANAGEMENT OF TREASURE ISLAND

#### NOTES TO FINANCIAL STATEMENTS

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The John Stewart Company relating to the subtenancy and management of Treasure Island have been prepared on the accrual basis of accounting. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader. Certain amounts in the 2004 financial statements have been reclassified to conform with the current year presentation.

Allowance for Doubtful Accounts - The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the accounts receivable balance. Management primarily determines the allowance based on the aging of accounts receivable balances and historical write-off experience.

Amortization - Amortization of rehabilitation costs is computed by dividing total rehabilitation costs by the estimated number of months each unit will produce rent and multiplying by the number of months each unit has been available for rent during the period. Amortization has been adjusted to reflect the extension of the lease term discussed in Note 1 from seven (7) to eight (8) years. Annual amortization was based on completion of the rehabilitation of all units subject to the lease, including amendments. In 2003 the annual amortization estimate was reduced by \$168,000 to reflect the reduced number of units anticipated to be rehabilitated and the extended lease period.

Amortization of capitalized costs include marketing brochures, which are amortized based upon units rented and legal and other costs incurred in connection with obtaining and executing the lease which are amortized ratably over three (3) to seven (7) years.

**Depreciation** - Depreciation of furniture and equipment is computed using the straight-line method at rates based on their estimated useful lives over three (3) to seven (7) years.

**Income Taxes** - An income tax provision has not been included in the financial statements since the Treasure Island sublease activities are a segment of The John Stewart Company, which is responsible for reporting income or loss on its tax returns.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures such as providing for possessory interest taxes at the rate of \$40 per rentable unit per month. Accordingly, actual results could differ from those estimates.

## FINANCIAL STATEMENTS RELATING TO THE SUBTENANCY AND MANAGEMENT OF TREASURE ISLAND

#### NOTES TO FINANCIAL STATEMENTS

#### 3. CAPITALIZED MARKETING AND OTHER COSTS ASSOCIATED WITH LEASE

Capitalized costs consist of marketing brochures (which are amortized based upon units rented), legal and other costs associated with the lease which are amortized over three (3) to seven (7) years and equipment which is depreciated over three (3) to seven (7) years:

	Balance at December 31, 2004	Additions	Balance at December 31, 2005
Capitalized Marketing and Other Cost	:		
Marketing brochures and other costs	\$ 106,004		\$ 106,004
Legal and other costs	277,970		277,970
Equipment	15,881		15,881
Total	399,855		399,855
Accumulated Amortization:			
Marketing brochures and other costs	106,004		106,004
Legal and other costs	238,921	\$ 26,032	264,953
Equipment	11,911	3,176	15,087
Total	356,836	\$ 29,208	386,044
Capitalized Marketing and			
Other Cost - Net	\$ 43,019		\$ 13,811

#### 4. POSSESSORY INTEREST TAXES

Possessory interest taxes are property taxes assessed by the City and County of San Francisco on the value of the leasehold possessed by the Project. At December 31, 2004, the Project estimated such taxes for 2000 through 2003 which had not been assessed at \$386,000 and maintained a cash reserve of \$382,000. The liability has subsequently been settled.

## FINANCIAL STATEMENTS RELATING TO THE SUBTENANCY AND MANAGEMENT OF TREASURE ISLAND

#### NOTES TO FINANCIAL STATEMENTS

#### 5. AMOUNTS EARNED BY PARTIES ASSOCIATED WITH SUBTENANCY

Amounts earned by the parties associated with the subtenancy in the years ended December 31, 2005 and 2004 consist of the following:

	<u>2005</u>	2004
Earned by the Company:		
Management fees	\$ 400,813	\$ 395,992
Percentage rents	342,030	526,348
Total	\$	\$ 922,340
Earned by the Authority:		
Base rent	\$ 507,228	\$ 500,774
Percentage rents	7,256,454	6,992,916
Total	\$ 7,763,682	\$ 7,493,690
Earned by the City of San Francisco:		
Possessory interest taxes	\$	\$
Earned by the United States Navy:		
Common area maintenance fees	\$ 362,454	\$

#### 6. CONTINGENT LIABILITY AND CONCENTRATIONS

Financial instruments that potentially subject the Company to credit risk include cash on deposit with a bank which generally is in excess of \$100,000 insurance limitation of the United States Federal Deposit Insurance Corporation.

# FINANCIAL STATEMENTS RELATING TO THE SUBTENANCY AND MANAGEMENT OF TREASURE ISLAND

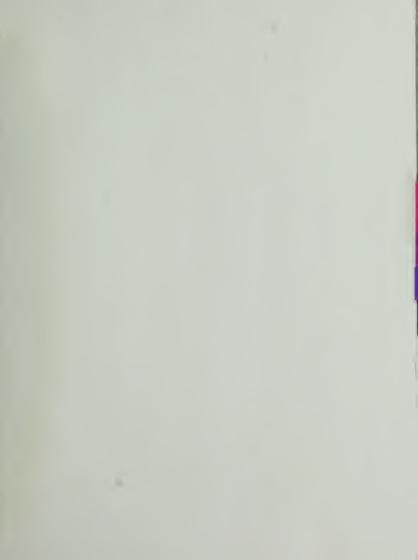
## THE DISBURSEMENT OF REVENUE AND FUNDING OF LEDGER ACCOUNT SUPPLEMENTAL SCHEDULE RELATING TO FOR THE YEAR ENDED DECEMBER 31, 2005

	January	February	March	April	May	June	ᆒ	August	September	October	November	December	Adjustment	Total
DISBRUSEMENT OF REVENUES														
Gross Revenue Less Base Rent	\$1,100,930 (41,753)	\$1,117,216	\$1,103,522 (41,753)	\$1,108,443 (42,441)	\$1,096,425	\$1,104,049	\$1,106,646 (42,441)	\$1,144,390	\$1,100,350 \$1,117,216 \$1,105,322 \$1,108,443 \$1,096,425 \$1,104,049 \$1,146,349 \$1,144,340 \$1,144,010 \$1,144,678 \$1,154,119 \$(41,733) \$(41,733) \$(41,733) \$(41,733) \$(41,733) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,441) \$(42,	\$1,149,110 (42,441)	\$1,144,678 (42,441)	\$1,154,119 (53,743)		13,469,967
Subtoral Less Operating Expenses	1,059,177 (429,575)	1,075,463 (395,528)	1,061,769	1,066,002 (408,472)	1,053,984	1,072,910 (418,105)	1,064,205	1,101,949 (426,203)	1,097,998 (348,346)	1,106,669 (433,710)	1,102,237	1,100,376 (450,938)	154,821	12,962,739
Subtotal Less Replacement Reserve Funding	(12,560)	679,935 (12,560)	662,406	(12,740)	(12,740)	654,805	646,212 (12,740)	675,746 (12,740)	749,652 (12,740)	672,959	650,467 (12,740)	(13,100)	154,821	8,152,178
Subtotal Management Fee	617,042	667,375	(33,335)	(33,349)	(33,089)	642,065	(33,491)	663,006	736,912	660,219	637,727	636,338	154,821	7,999,298
Subtotal Less Development Fee	584,270	633,447	616,331	611,441	622,776	609,367	186'665	630,877	703,025	626,409	603,844	601,895	154,821	7,598,484
in Percentage Rent	584,270	633,447	616,331	611,441	622,776	609,367	186,982	630,877	703,025	626,409	603,844	601,895	154,821	7,598,48
To TIDA Percentage Rent (95%)	549,214	595,440	579,351	580,869	591,637	578,899	569,982	599,333	667,874	595,089	573,652	571,800	203,314	7,256,454
To JSCo Percentage Rent (5%)	35,056	38,007	36,980	30,572	31,139	30,468	29,999	31,544	35,151	31,320	30,192	30,095	(48,493)	342,030

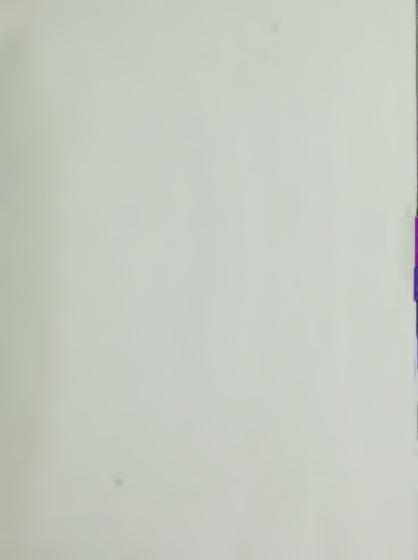
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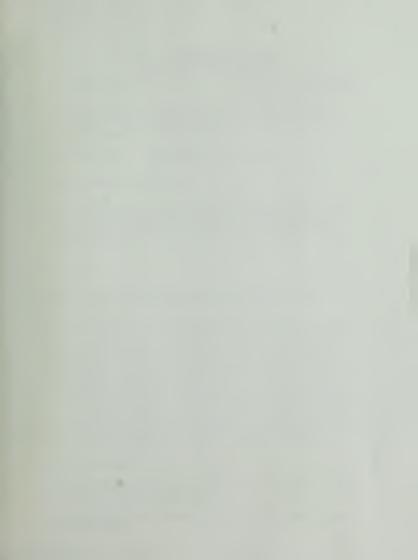














#### AGENDA ITEM

#### Treasure Island Development Authority City and County of San Francisco

Agenda Item No. 8 (b)

September 27, 2006

Subject: Resolution authorizing the Director of Island Operations to enter into a month-to-month Sublease for a period beginning October 1, 2006 and expiring September 30, 2007 with the Goodwill Industries of San Francisco, San Mateo, and Marin Counties for a portion of the Building 7 parking lot.

Staff Contact/Phone: Marc McDonald, Facilities Manager

(415) 274-0660

#### SUMMARY OF PROPOSED ACTION

This item seeks the approval by the Authority to enter into a month-to-month sublease with Goodwill Industries of San Francisco, San Mateo, and Marin Counties to use a portion of the Building 7 parking lot. Rent for 20,000 square feet in the Building 7 parking lot will be \$2,266 (\$0.11 psf) per month. The month-to-month term will expire on September 30, 2007.

#### BACKGROUND:

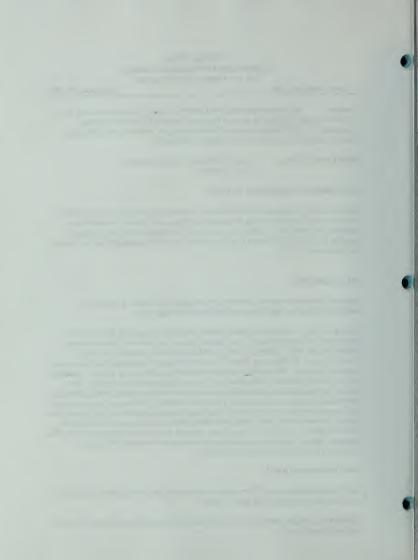
Goodwill's mission is to train, support, and challenge individuals to overcome employment barriers and achieve self-sufficiency through work.

During the Navy's tenure on Treasure Island, the Building 7 parking lot was used as a parking lot for Navy personnel. The parking lot was not used from the time of base closure in 1997 until October 1st 2006, when Goodwill took occupancy of the lot. Goodwill uses a 20,000 square feet portion of the Building 7 parking lot for the purpose of storing vehicles. The vehicles are trailers and the rigs that tow the trailers. The trailers are the clothing donation centers that are often seen throughout the Bay Area. They contain clothing and household personal items that have been donated to the Goodwill by individuals throughout the Bay Area. The trailers containing the donated goods are stored on Treasure Island for up to 30 days. When space becomes available at the Goodwill sort centers, the trailers are moved to the sort centers where donated goods are sorted and made available to the public. The sublease prohibits any use other than the storage of the vehicles. Repair, maintenance, or other work on the stored vehicles without the Authority's prior written consent is prohibited.

#### RECOMMENDATION:

Staff recommends approval of the month-to-month sublease with Goodwill Industries of San Francisco, San Mateo, and Marin Counties.

**EXHIBITS:** Sublease between TIDA and Goodwill Industries of San Francisco, Marin, and San Mateo Counties



[Month-to-Month Sublease with Goodwill Industries for a portion of the Building 7 Parking Lot]

Resolution authorizing the Director of Island Operations to enter into a month-to-month Sublease for a period beginning on October 1, 2006 and expiring on September 30, 2007 with the Goodwill Industries of San Francisco, San Mateo, and Marin Counties for a portion of the Building 7 parking lot.

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Authority as a redevelopment agency under the California Redevelopment Law with authority over the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and

WHEREAS, The Tidelands Trust prohibits the sale of trust property into private ownership, generally requires that Tidelands Trust property be accessible to the public and encourages public-oriented uses of Tidelands Trust property that, among other things, attract people to the waterfront, promote public recreation, protect habitat and preserve open space; and

WHEREAS, The mission of the Goodwill Industries of San Francisco, San Mateo and Marin Counties is to train, support, and challenge individuals to overcome employment barriers and achieve self-sufficiency through work; and

WHEREAS, Goodwill Industries of San Francisco, San Mateo and Marin Counties wishes to use an approximately 20,000 square foot portion of the parking lot to Building 7 up to September 30, 2007, at a rent of \$2,266 (\$0.11 psf) per month for the purpose of storing certain of its vehicles; now therefore be it RESOLVED, That the Authority hereby authorizes the Director of Island Operations to enter into a month-to-month sublease with Goodwill Industries of San Francisco, San Mateo and Marin Counties for a period up to September 30, 2007 in substantially the form attached to this resolution as Exhibit A. CERTIFICATE OF SECRETARY I hereby certify that I am the duly elected and acting secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at the properly noticed meeting on September 27th, 2006. John Elberling, President 

### SUBLEASE

between

# TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

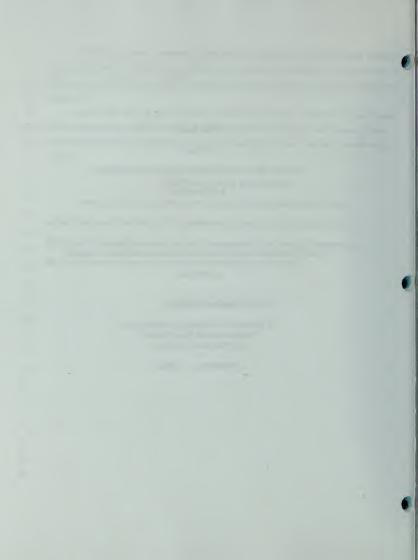
Goodwill Industries of San Francisco, San Mateo, and Marin Counties

as Subtenant

For the Sublease of

A Portion of the Building 7 Parking Lot Treasure Island Naval Station San Francisco, California

September , 2006



# TREASURE ISLAND SUBLEASE

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# LIST OF EXHIBITS:

EXH	IBIT	$\Lambda - M$	[aster]	Lease
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EXHIBIT B – Diagram of Premises

EXHIBIT C - Cover Page of Seismic Report

EXHIBIT D - Rules and Regulations

EXHIBIT E - Utilities

EXHIBIT F - TIHDI Work Force Hiring Plan

### TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated September \_\_\_, 2006, is by and between the Treasure Island Development Authority, a California public benefit corporation ("Sublandlord"), and Goodwill Industries of San Francisco, San Mateo and Marin Counties, a California non-profit ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

- A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated September 4, 1998, as amended from time to time (the "Master Lease"), a copy of which is attached hereto as <a href="Exhibit A">Exhibit A</a>. Under the Master Lease, the Master Landlord leased to Sublandlord certain real property located on Treasure Island Naval Station (the "Property"), as more particularly described in the Master Lease.
- B. The Property includes a paved parking area adjacent to Building 7 consisting of approximately 20,000 square feet as more particularly shown on the map attached hereto as Exhibit B (the "Premises").
- C. Subtenant desires to sublet the Premises from Sublandlord and Sublandlord is willing to sublet the Premises to Subtenant on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

#### 1. PREMISES

1.1. <u>Subleased Premises</u>. Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises being a paved parking area adjacent to Building 7 consisting of approximately 20,000 square feet.

## 1.2. As Is Condition of Premises.

(a) <u>Inspection of Premises</u>. Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them ("Subtenant's Agents"), of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of

its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report referenced in Section 1.2(e) below and the Joint Inspection Report referenced in Section 6 of the Master Lease.

- As Is; Disclaimer of Representations. Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises governing the use, occupancy, management, operation and possession of the Premises ("Laws"). Without limiting the foregoing, this Sublease is made subject to any and all covenants. conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees or contractors, or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below), (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use by Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.
- (c) Seismic Report. Without limiting Section 1.2(b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions," prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that any structures or improvements located on or about the Premises.

may fail structurally and collapse.

# 2. COMPLIANCE WITH MASTER LEASE

- 2.1. <u>Incorporation by Reference</u>. All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein.
- 2.2. <u>Performance of Master Landlord's Obligations</u>. Sublandlord does not assume the obligations of Master Landlord under the Master Lease. With respect to work, services, repairs, restoration, the provision of utilities or HVAC services, or the performance of any other obligations required of Master Landlord under the Master Lease, Sublandlord's sole obligation with respect thereto shall be to request the same, on request in writing by Subtenant, and to use reasonable efforts to obtain the same from Master Landlord. Subtenant shall cooperate with Sublandlord as may be required to obtain from Master Landlord any such work, services, repairs, repainting, restoration, the provision of utilities or HVAC services, or the performance of any of Master Landlord's obligations under the Master Lease.
- 2.3. <u>Conflict</u>. If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.
- 2.4. <u>Compliance with Master Lease</u>. Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord.
- 2.5. <u>Automatic Termination</u>. If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

#### 3. TERM

- 3.1. <u>Term of Sublease</u>. The term of this Sublease (the "Term") shall commence on October 1, 2006 (the "Commencement Date"), and expire on September 30, 2007 (the "Expiration Date"), unless sooner terminated pursuant to the terms of this Sublease.
- 3.2. <u>Effective Date</u>. This Sublease shall become effective on the date (the "Effective Date") upon the later of (i) the Parties' execution and delivery of this Sublease, (ii) Sublandlord's Board of Director's approval of this Sublease at a duly noticed meeting, or (iii) the Commencement Date

#### 4. RENT

- 4.1. Base Rent. Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord base rent in the amount of Two Thousand Two Hundred and Sixty Six Dollars and no cents (\$2,266.00) per month (the "Base Rent"). Base Rent shall be paid to Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 20.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Base Rent for such fractional month shall be prorated based on a thirty (30) day month.
- 4.2. <u>Adjustments in Base Rent</u>. If this Sublease has not expired or been terminated, then on each anniversary date of the Commencement Date specified in <u>Section 3.1</u> of this Sublease ("Adjustment Date"), the Base Rent shall be increased by the higher of 3% or the product of the following:

The Consumer Price Index Urban Wage Earners and Clerical Workers (base years 1982-1984 = 100) for San Francisco-Oakland-San Jose area published by the United States Department of Labor, Bureau of Labor Statistics ("Index") published most immediately preceding the Adjustment Date ("Adjustment Index"), shall be compared with the Index published most immediately preceding the Commencement Date ("Beginning Index").

If the Adjustment Index has increased over the Beginning Index, the Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index.

If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor

Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

- 4.3. Additional Charges. In addition to Base Rent, Subtenant shall pay any and all real property taxes, possessory interest taxes, common area maintenance charges, and other costs, impositions and expenses related to the Premises as provided in Section 5 hereof, plus all other charges related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder, all utility charges, and any common area maintenance charge (the "Navy CAM Charge") levied by the Master Landlord on the Premises (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".
- 4.4. Late Charge. If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.
- 4.5. <u>Default Interest</u>. If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of the greater of the interest rate in effect that has been established by the Secretary of Treasury pursuant to Public Law, as described in Section 33 of the Master Lease, or ten percent (10%) per year. However, interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

#### 5. TAXES, ASSESSMENTS AND OTHER EXPENSES

# 5.1. Taxes and Assessments, Licenses, Permit Fees and Liens.

(a) Payment Responsibility. Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to

delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

- (b) <u>Taxability of Possessory Interest.</u> Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.
- (c) <u>No Liens</u>. Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.
- (d) <u>Reporting Information</u>. Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.
- 5.2. Other Expenses. This is a "triple net" Sublease. Accordingly, Subtenant shall be responsible for any and all other charges, costs and expenses related to its use, occupancy, operation or enjoyment of the Premises or any Alterations permitted thereon, including, without limitation, the cost of any utilities, the Navy CAM Charge, and all property maintenance, including landscaping of parking areas and any other services necessary for Subtenant's use.
- 5.3. <u>Evidence of Payment</u>. Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

# 6. USE; COVENANTS TO PROTECT PREMISES

- 6.1. Subtenant's Permitted Use. Subtenant may use the Premises for storage of trucks, trailers and other vehicles owned by Subtenant, but for no other purpose without the prior written consent of Sublandlord, which consent may be given or withheld in Sublandlord's sole and absolute discretion. The tenant shall not and nothing in this Sublease shall be construed to permit Subtenant to perform any maintenance, repair, or other work on any vehicle, trailer, truck or other personal property on the premises without Sublandlord's prior written consent.
- 6.2. <u>Subtenant's Access to the Premises</u>. As provided in Section 30 of the Master Lease, Subtenant shall have access to the Premises on a 24-hours per day, seven days a week basis; provided, however, Subtenant shall coordinate such access with the local representative of Master Landlord

- 6.3. <u>Rules and Regulations</u>. Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as <u>Exhibit D</u>, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time.
- Easements. This Sublease shall be subject to all outstanding easements and rights-of-6.4. way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"); provided that, as provided in Section 29 of the Master Lease. Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities.
- 6.5. No Interference with Navy Operations. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over Subtenant's use of the Premises in the event of any conflict; provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.
- 6.6. No Unlawful Uses, Nulsances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises. Subtenant shall not conduct any business, place any sales display, or advertise in any manner in areas on or about the Property outside of the Premises.

#### 7. ALTERATIONS

7.1. <u>Alterations</u>. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions ("Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may given or withheld in

Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications for any Alterations approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of construction on the Premises at all times.

- 7.2. <u>Historic Properties</u>. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to any improvements on the Premises (i) which will affect the historic characteristics of the improvements or modify the appearance of the exterior of the improvements without Master Landlord's and Sublandlord's prior written consent, or (ii) if such Alterations would preclude qualifying the improvements for inclusion on the National Register for Historic Places.
- 7.3. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of this Section 7 shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 18 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 7.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.
- 7.4. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment used upon or installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and shall be removed by Subtenant, subject to the provisions of Section 18 hereof. Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.
- 7.5. <u>Sublandlord's Alterations</u>. Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the improvements on the Premises; provided, that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the purposes stated herein.

#### 8. REPAIRS AND MAINTENANCE

- 8.1. Subtenant Responsible for Maintenance and Repair. Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.
- 8.2. <u>Utilities</u>. Subtenant shall ber responsible for furnishing, at its sole cost and expense, any utilities and services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in <u>Exhibit E</u>.
- 8.3. <u>Landscaping</u>. Subtenant shall maintain the exterior landscaping of the Premises in good condition and repair.
- 8.4. <u>Janitorial Services</u>. Subtenant shall provide all janitorial services for the Premises.
- 8.5. <u>Pest Control</u>. Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.
- 8.6. <u>Trash</u>. Subtenant shall deposit all trash into designated containers in the Premises in compliance with the Rules and Regulations attached hereto as <u>Exhibit F</u>. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.
- 8.7. No Right to Repair and Deduct. Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect

any obligations of Sublandlord hereunder or any right of Subtenant to make repairs or replacements and deduct the cost thereof from Rent.

#### 9. LIENS

9.1. Liens. Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

#### 10. COMPLIANCE WITH LAWS

10.1. Compliance with Laws. Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary; provided, however Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq. and Title 24 of the California Code of Regulations, and all present and future Environmental Laws (as defined in this Sublease below). No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

## 10.2. Regulatory Approvals.

(a) Responsible Party. Subtenant understands and agrees that Subtenant's use of the Premises and construction of any Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises.

Subtenant shall be solely responsible for obtaining any and all such regulatory approvals. including without limitation, any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") Sublandlord, City and Master Landlord, including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties"), against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

10.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or to any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general liability, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

#### 11. ENCUMBRANCES

11.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

#### 12. DAMAGE OR DESTRUCTION

12.1. <u>Damage or Destruction to the Premises</u>. In the case of damage to or destruction of the Premises by earthquake, fire, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in <u>Section 16</u> below, (iii) prevents Subtenant from operating the Premises for the purposes stated

herein, and (iv) costs more than Ten Thousand Dollars (\$10,000) to repair, either party may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 18 (except for damage caused by a casualty pursuant to which this Sublease may be terminated under this Section 12.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. If neither Party terminates this Sublease as provided in this Section 12.1, then Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 7.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

- 12.2. <u>No Abatement in Rent</u>. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in <u>Section 12.1</u> above, there shall be no abatement in the Rent payable hereunder.
- 12.3. <u>Waiver</u>. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

#### 13. ASSIGNMENT AND SUBLETTING

13.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge, sublease or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet any portion of the Premises (a "Transfer"), without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion. Subtenant shall provide Sublandlord with a written notice of its intention to Transfer this Sublease or the Premises, together with a copy of the proposed Transfer agreement at least thirty (30) days prior to the commencement date of the proposed Transfer. Subtenant shall provide Sublandlord with such information regarding the proposed Transfer as Sublandlord may reasonably request.

# 13.2. Excluded by Agreement of Parties

- 14. DEFAULT: REMEDIES
- 14.1. Events of Default. Any of the following shall constitute an event of default ("Event of

Default") by Subtenant hereunder:

- (a) <u>Failure to Pay Rent</u>. Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within five (5) days after such sums are due;
- (b) Covenants, Conditions and Representations. Any failure to perform or comply with any other covenant, condition or representation made under this Sublease; provided, Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord.
- (c) <u>Vacation or Abandonment</u>. Any abandonment of the Premises for more than fourteen (14) consecutive days; and
- (d) <u>Bankruptev</u>. The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted.
- 14.2. <u>Remedies</u>. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:
- (a) <u>Terminate Sublease and Recover Damages</u>. The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.
- (b) <u>Appointment of Receiver</u>. The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.
- 14.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the

performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord where prior notice by Sublandlord is impractical), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

#### 15. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

- 15.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused solely by the gross negligence or willful misconduct of the Indemnified Parties. Without limiting the generality of the foregoing:
- (a) Subtenant expressly acknowledges and agrees that the Rent payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.
- (b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or

future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.

- (c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.
- (d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES the Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state relocation assistance laws.
- (e) Without limiting any other waiver contained herein, Subtenant, on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way connected with the Indemnified Parties' decision to Sublease the Premises to Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.
- (f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 15.1.
- (g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.
- (h) Subtenant had made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

15.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses arising out of Subtenant's use of the Premises, including but not limited to, any Losses arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Subtenant or Subtenant's Agents or Subtenant's Invitees; (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises; (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) any construction or other work undertaken by Subtenant on or about the Premises; and (f) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, in, on, or about the Premises or any Alterations, except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused solely by the gross negligence or intentional wrongful acts and omissions of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease.

#### 16. INSURANCE

- 16.1. Subtenant's Insurance. Without in any way limiting Subtenant's liability pursuant to Section 15 hereof, Subtenant shall procure and maintain throughout the Term of this Sublease the following insurance and pay the cost thereof:
- (a) Commercial general liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, personal injury, products and completed operations. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CG-00-01-11-88.
- (b) Workers' compensation insurance with employer's liability insurance covering all persons employed and with respect to whom death or bodily injury claims could be asserted against Sublandlord, Subtenant, the Premises or any other Sublandlord property, in an amount not less than One Million Dollars (\$1.000.000) each accident.
- (c) Business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Subtenant uses automobiles in connection with its use of the Premises. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CA-00-01-06-92.
- 16.2. General Requirements. All insurance provided for under this Sublease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by Sublandlord.
- (a) Should any of the required insurance be provided under a claims-made form, Subtenant shall maintain such coverage continuously throughout the term hereof and, without lapse, for a period of three (3) years beyond the expiration or termination of this Sublease, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Sublease, such claims shall be covered by such claims\_made policies.
- (b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.
- (c) All liability insurance policies shall be endorsed to provide the following:
- Cover Subtenant as the insured and Sublandlord and the Master Landlord as additional insureds.
- (ii) That such policies are primary insurance to any other insurance available to the additional

insureds, with respect to any claims arising out of this Sublease, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

- (iii) All policies shall be endorsed to provide thirty (30) days' advance written notice to Sublandlord of cancellation, non-renewal or reduction in coverage, mailed to the address(es) for Sublandlord set forth in Section 20.1.
- 16.3. Proof of Insurance. Subtenant shall deliver to Sublandlord certificates of insurance in form and with insurers satisfactory to Sublandlord, evidencing the coverages required hereunder, on or before the Commencement Date, together with complete copies of the policies promptly upon Sublandlord's request, and Subtenant shall provide Sublandlord with certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. As to the insurance required pursuant to Section 16.1(a) above, such certificate shall state, among other things, that such insurance coverage includes and shall cover Subtenant's indemnity obligations under Section 15.2 above. In the event Subtenant shall fail to procure such insurance, or to deliver such certificates or policies, Sublandlord may, at its option, procure the same for the account of Subtenant, and the cost thereof shall be paid to Sublandlord within five (5) days after delivery to Subtenant of bills therefor.
- 16.4. <u>No Limitation on Indemnities</u>. Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any of Subtenant's other obligations or liabilities under this Sublease.
- 16.5. <u>Lapse of Insurance</u>. Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.
- **16.6.** <u>Subtenant's Personal Property</u>. Subtenant shall be responsible, at its expense, for separately insuring Subtenant's Personal Property.
- 16.7. Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, to the extent permitted by their respective policies of insurance, Sublandlord and Subtenant each hereby waive any right of recovery against the other party and against any other party maintaining a policy of insurance covering the Premises and their contents, or any portion thereof, for any loss or damage maintained by such other party with respect to the Premises, or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party. If any policy of insurance relating to the Premises carried by Subtenant does not permit the foregoing waiver or if the coverage under any such

policy would be invalidated due to such waiver, Subtenant shall obtain, if possible, from the insurer under such policy a waiver of all rights of subrogation the insurer might have against Sublandlord or any other party maintaining a policy of insurance covering the same loss, in connection with any claim, loss or damage covered by such policy.

#### 17. ACCESS BY SUBLANDLORD

### 17.1. Access to Premises by Sublandlord.

- (a) General Access. Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.
- (b) Emergency Access. In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.
- (c) No Liability. Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.
- 17.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

#### 18. SURRENDER

18.1. Surrender of the Premises. Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any

Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 7.3 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980, et seq., of the California Civil Code or in any other manner allowed by Law.

- 18.2. No Holding Over. If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises. Subtenant shall have no right to hold over without the prior written consent of Sublandlord, which consent may be withheld in Sublandlord's sole and absolute discretion. If Sublandlord holds over the Premises or any part thereof after expiration or earlier termination of this Sublease, such holding over shall be terminable upon written notice by Sublandlord, and the Base Rent shall be increased to two hundred percent (200%) of the Base Rent in effect immediately prior to such holding over, and such holdover shall otherwise be on all the other terms and conditions of this Sublease. This Section shall not be construed as Sublandlord's permission for Subtenant to hold over. Acceptance of any holdover Base Rent by Sublandlord following expiration or termination of this Sublease shall not constitute an extension or renewal of this Sublease.
- 18.3. Security Deposit. Subtenant shall pay to Sublandlord upon execution of this Sublease a security deposit in the amount of Six Thousand Dollars (\$6,000.00) as security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply

the security deposit pursuant to this <u>Section 18.3</u>, Sublandlord shall return such security deposit to Sublandlord within forty-five (45) days of the termination of this Sublease.

### 19. HAZARDOUS MATERIALS

- 19.1. No Hazardous Materials. Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that. because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended (42 U.S.C. Sections 9601 et seg.), or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Subtenant agrees that it shall comply, without limiting the foregoing, with the provisions of Article 21 of the San Francisco Health Code including, without limitation, regarding obtaining and complying with the requirements of an approved hazardous materials management plan, and with the requirements of the environmental protection provisions provided for in Section 13 of the Master Lease.
- 19.2. <u>Subtenant's Environmental Indemnity</u>. If Subtenant breaches any of its obligations contained in <u>Section 19.1</u> above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous

Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 15.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including, without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

19.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease. California law requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Subtenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. Further, there are Hazardous Materials located on the Premises as described in the EBS and the FOSL. In addition, California's Proposition 65, Health and Safety Code Section 25249.6 et seq., requires notice that some of these Hazardous Materials are known by the State of California to cause cancer or reproductive harm. By execution of this Sublease, Subtenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Sections 25249.6 et seq., 25359.7 and related statutes.

#### 20. GENERAL PROVISIONS

20.1. <u>Notices</u>. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid as follows:

Notice Address of Sublandlord: Treasure Island Development Authority

Treasure Island Project Office
410 Avenue of Palms
Building 1, 2<sup>nd</sup> Floor
Treasure Island
San Francisco, CA 94130
Attn: Director of Operations
Fax No.: 415-274-0299

with a copy to:

Office of the City Attorney City Hall, Room 234 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102 Attn: Eileen M. Malley Fax No.: (415) 554-0299

Notice Address of Subtenant: Goodwill Industries of San Francisco, San Mateo and Marin Counties 1500 Mission St. San Francisco, CA. 94112 Attn: Deborah Alvaarez- Rodriguez Phone No. (415) 525-2170 Fax No. (415) 575-2170

Notice Address of Master Landlord: Department of the Na y

Base Realignment and Closure Program Management Office West 1455 Frazee Road, Suite 900 San Diego, CA 92108-4310 Fax #: (619) 532-9858 days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this <a href="Section 20.1">Section 20.1</a> and applicable Laws, shall be deemed receipt of such notice. \*

- 20.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment of Rent due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.
- **20.3.** <u>Amendments.</u> Neither this Sublease nor any term or provision hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.
- 20.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosures set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.
- **20.5.** <u>Joint and Several Obligations</u>. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.
- 20.6. <u>Interpretation of Sublease</u>. The captions preceding the articles and sections of this

Sublease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

- 20.7. Successors and Assigns. Subject to the provisions of Section 13, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.
- 20.8. <u>Brokers</u>. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.
- 20.9. Severability. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.
- 20.10. Governing Law. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

- 20.11. Entire Agreement. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein.
- 20.12. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Sublease, reasonable fees of attorneys in the Office of the San Francisco City Attorney (Sublandlord's General Counsel) shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City and County of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. Further, for purposes of this Sublease, the term "attorneys' fees" shall mean the fees and expenses of counsel to the Parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The term "attorneys' fees" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. The term "attorney" shall have the same meaning as the term "counsel".
- **20.13.** Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.
- 20.14. <u>Cumulative Remedies</u>. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.
- 20.15. <u>Survival of Indemnities</u>. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate

and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

- 20.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.
- 20.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.
- 20.18. Non-Liability of Indemnified Parties' Officials, Employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Sublease.
- 20.19. <u>No Discrimination</u>. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.
- **20.20.** Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
- 20.21. <u>Master Landlord's Consent</u>. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord.
- 20.22. Intentionally Omitted
- 20.23. Intentionally Omitted
- 20.24. Intentionally Omitted
- 21. SPECIAL PROVISIONS
- 21.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or

from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

- 21.2. <u>Public Transit Information</u>. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.
- **21.3. TIHDI Job Broker.** Subtenant shall comply with the requirements of the TIHDI Work Force Hiring Plan attached hereto as **Exhibit F**.
- 21.4. <u>Local Hiring</u>. Subtenant further agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

### 21.5. Non-Discrimination in City Contracts and Benefits Ordinance.

- (a) <u>Covenant Not to Discriminate</u>. In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.
- (b) --Sub-Subleases and Other Subcontracts. Subtenant shall include in all sub-subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such sub-subtenant or other subcontractor in substantially the form of <a href="subsection(a)">subsection(a)</a> above. In addition, Subtenant shall incorporate by reference in all sub-subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all sub-subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.
- (c) <u>Non-Discrimination in Benefits</u>. Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations or in San Francisco or with respect to its operations under this Sublease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership

discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

- (d) HRC Form. As a condition to this Sublease, Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Subtenant hereby represents that prior to execution of this Sublease, (i) Subtenant executed and submitted to the HRC Form HRC-128-101 with supporting documentation; and (ii) the HRC approved such form.
- (e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50.00) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.
- 21.6. No Relocation Assistance; Waiver of Claims. Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated or expires by its own terms, and Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260, et seq.), except as otherwise specifically provided in this Sublease with respect to a condemnation of the Premises.
- 21.7. MacBride Principles Northern Ireland. The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

- 21.8. Tropical Hardwood and Virgin Redwood Ban. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood product. Except as expressly permitted by the application of Section 802(b) and 803(b) of the San Francisco Environment Code, Subtenant shall not provide any items to the construction of tenant improvements or Alterations in the Premises, or otherwise in the performance of this Sublease, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.
- 21.9. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.
- 21.10. Wages and Working Conditions. Subtenant agrees that any person performing labor in the construction of any tenant improvements and any Alterations to the Premises, which Subtenant provides under this Sublease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Subtenant shall include, in any contract for construction of such tenant improvements and Alterations, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord upon request, certified payroll reports with respect to all persons performing labor in the construction of such tenant improvement work or any Alterations to the Premises.
- 21.11. <u>Prohibition of Tobacco Advertising</u>. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of Sublandlord or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

- 21.12. Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Subtenant to submit to Sublandford an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms of this Sublease, (b) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as Subtenant's primary IPM contact person with the City. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.
- 21.13. First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264 98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Within thirty (30) days after Sublandlord adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance, Subtenant shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance.
- 21.14. Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City departments and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.
- 21.15. Conflicts of Interest. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Subtenant becomes aware of any such fact during the Term of this Sublease, Subtenant shall immediately notify Sublandlord.
- 21.16. Charter Provision. This Sublease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

- 21.17. Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at www.dph.sf.ca.us/HCRes/Resolutions/2004Res/HCRes102004.shtml. Capitalized terms used in this Section and not defined in this Sublease shall have the meanings assigned to such terms in Chapter 12Q.
- (a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.
- (b) Notwithstanding the above, if Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with <u>Subsection (a)</u> above.
- (c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Sublease. Sublandlord shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Sublease for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Sublandlord shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Sublandlord.
- (d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Subcontractor's failure to comply, provided that Sublandlord has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.
- (e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Sublandlord with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

- (f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.
- (g) Subtenant shall keep itself informed of the current requirements of the HCAO.
- (h) Subtenant shall provide reports to Sublandlord in accordance with any reporting standards promulgated by Sublandlord under the HCAO, including reports on Subcontractors and Subtenants, as applicable.
- (i) Subtenant shall provide Sublandlord with access to records pertaining to compliance with the HCAO after receiving a written request from Sublandlord to do so and being provided at least five (5) business days to respond.
- (j) Sublandlord may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with Sublandlord when it conducts such audits.
- (k) If Subtenant is exempt from the HCAO when this Sublease is executed because its amount is less than Fifty Thousand Dollars (\$50,000), but Subtenant later enters into an agreement or agreements that cause Subtenant's aggregate amount of all agreements with Sublandlord to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Subtenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.
- 21.18. Notification of Limitations on Contributions. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.
- 21.19. Preservation-Treated Wood Containing Arsenic. As of July 1, 2003, Subtenant may

not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

21.20. Ex	isting Sublease.	Effective as of the Commencement Date, this Sublease supercedes
the existin	g Sublease dated	as of October 1, 2005, between Sublandlord and Subtenant.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first

ritten above.	and gardener in improving as of the date in
	SUBTENANT:
	Goodwill Industries of San Francisco, San Mateo and Marin Counties.
	By:
	SUBLANDLORD:
	Treasure Island Development Authority
	By: Mirian Saez, Director of Island Operations
PPROVED AS TO FORM:	
ENNIS J. HERRERA, City Attorney	
r:	
Deputy City Attorney	um.

D

B

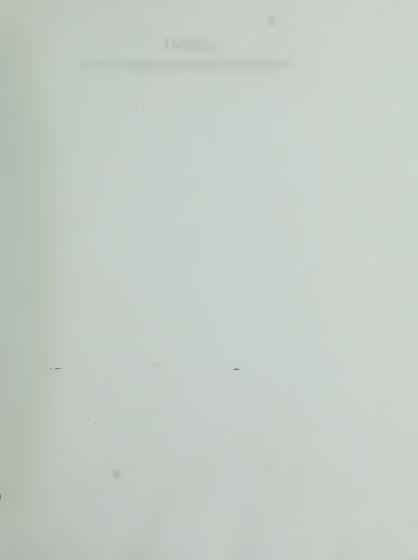
# EXHIBIT A MASTER LEASE

# EXHIBIT B DIAGRAM OF PREMISES

## EXHIBIT C

# COVER PAGE OF THE SEISMIC REPORT

# EXHIBIT D RULES AND REGULATIONS

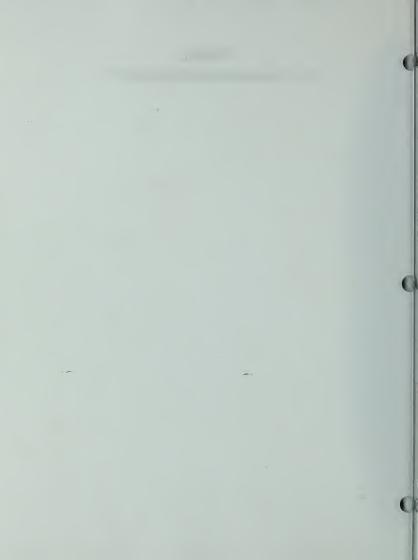


### EXHIBIT E

### STANDARD UTILITIES AND SERVICES AND RATES

### EXHIBIT F

## WORKFORCE HIRING AGREEMENT









# AGENDA ITEM Treasure Island Development Authority City and County of San Francisco

Agenda Item No. 8(c)

September 27, 2006

Subject:

Authorizing The Director of Island Operations To Execute a Retroactive Extension to the Month-to-Month Sublease With American Civil Constructors – West Coast, Inc. for 28,187 Square Feet in Building 201 and a Two Acre Lot Bounded by Avenue F, 11<sup>th</sup> Street, Avenue H and 9<sup>th</sup> Street on Treasure Island for a Term That Shall Expire on October 15, 2006. (Action Item)

#### SUMMARY OF PROPOSED ACTION:

Staff requests that the Authority approve, and authorize the Director of Island Operations to execute, a retroactive 36 day extension to the month-to-month sublease with American Civil Constructors – West Coast, Inc. (ACC) for 28,187 square feet in Building 201 and a two acre lot bounded by Avenue F, 11<sup>th</sup> Street, Avenue H and 9<sup>th</sup> Street on Treasure Island.

#### BACKGROUND:

American Civil Constructors (ACC) provides heavy and light civil construction services, including new work and reconstruction and rehabilitation of bridges, tunnels, and highways through 11 offices located in California, Colorado, Texas, and Washington. Projects have included the Bay Bridge seismic retrofit project in which they added seismic reinforcements throughout the structure; seismic retrofit of the Webster/Posey Tube Tunnel and bridge deck repairs in which they have removed weakened or deteriorated concrete bridge decks and replaced them with high strength, quick-curing concrete or polyester concrete. ACC has a contract with the California Department of Transportation to remove deteriorated pavement on the Western span of the San Francisco-Bay Bridge and to replace that pavement with quick-curing polyester concrete.

On March 8, 2006, the Authority authorized the Interim Executive Director, Joanne Sakai, to execute a month-to-month sublease with ACC for 28,187 square feet in Building 201 at a cost of \$7,892.36 NNN (\$0.28 psf) per month and 2 acres of land across the street from Building 201 at a cost of \$13,939.20 NNN (\$0.16 psf) per month for a total of \$21,831.56 per month.

In violation of the terms of the Navy Master Lease, ACC brought flammable resins, hazardous materials, onto Treasure Island for the purpose of storing these materials until they could be mixed on the bridge site for the purpose of making the polyester concrete that would serve as the bridge replacement paving. In response to demands by Island Operations staff that the materials be removed, ACC secured a commitment from the

Navy to amend the Master Lease to allow ACC to store these hazardous materials on the Island for the purpose of completing the Caltrans project. A copy of the Navy's statement that they will amend the Master Lease for this one specific instance is attached.

The Sublease expired on September 9, 2006, and ACC has been occupying the premises on a holdover basis since that date. Due to environmental conditions, the concrete for a portion of the project did not set properly. As a result, the material had to be removed and the deck was repaved. In support of their effort to complete the project, ACC seeks to extend the term of the sublease to October 15, 2006 with all other terms and conditions of the sublease remaining the same. Caltrans supports the request of ACC to extend the term. The Navy does not object to the extension of the term.

#### **EXHIBITS:**

A. Amendment to the Sublease between the Authority and American Civil Constructors, Inc.

#### RECOMMENDATION:

Staff recommends approval to authorize the Director of Island Operations to retroactively extend the term of the sublease with ACC to October 15, 2006.

Written by: Marc McDonald, Facilities Manager

For: Mirian Saez, Director of Island Operations.

2 3 4

 [Authorizing a retroactive 36 day extension to the month-to-month sublease with American Civil Constructors – West Coast, Inc. for a term expiring on October 15, 2006]

Resolution Authorizing the Director of Island Operations to Execute a Retroactive Extension to the Month-to-Month Sublease with American Civil Constructors - West Coast, Inc., for 28,187 Square Feet in Building 201 and a Two Acre Lot Bounded by Avenue F, 11th Street, Avenue H and 9th Street on Treasure Island for a Term Expiring on October 15, 2006.

WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and.

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and,

WHEREAS, The Authority and the United States of America, acting by and through the Department of the Navy entered into Master Lease (Lease No. N6247499RP42P12), as amended, for use of certain property, including Building 201 and a parcel of land bounded by Avenue F, 11<sup>th</sup> Street, Avenue H and 9<sup>th</sup> Street on Treasure Island; and,

WHEREAS, The Master Lease enables the Authority to sublease the leasehold premises for interim use; and,

WHEREAS, Following negotiations, Authority staff and ACC agreed that the term of the sublease would be month-to-month commencing on March 10, 2006 and terminating on September 9, 2006; and

WHEREAS, On March 8, 2006, the Authority Board of Directors authorized the Interim Executive Director to execute a sublease with ACC for the premises described above at a monthly rent of \$21,831.56 NNN per month (consisting of \$13,939.20 (\$0.16 psf) for 2 acres of land and \$7,892.36 NNN (\$0.28 psf) for 28,187 square feet in Building 201); and,

WHEREAS, the underlying purpose for ACC to enter into the sublease with the Authority was for support of their execution of a pavement contract with the California Department of Transportation (Caltrans) in its renovation of the pavement of the Western span of the San Francisco-Bay Bridge; and

WHEREAS, Unanticipated conditions led to a delay by ACC in the execution of the Bay Bridge pavement contract; and

WHEREAS, ACC has requested a 36 day extension of its sublease with the Authority to provide ACC with sufficient time to complete the pavement contract with Caltrans; and

**--WHEREAS**, ACC has requested and staff agrees that all other terms and conditions of the sublease, including payment of rent, remain the same; now therefore be it

RESOLVED, that the Board of Directors hereby finds and determines as follows:

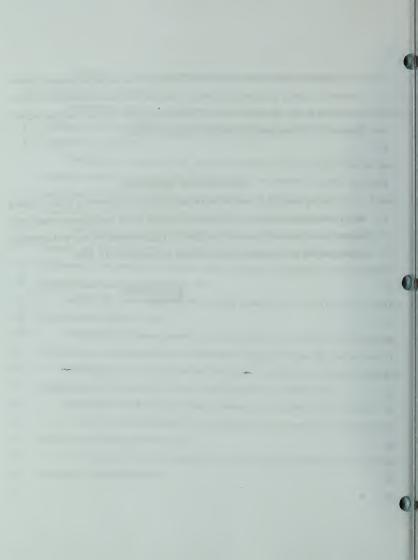
- That the proposed extension to the sublease will serve the goals of the Authority and the public interests of the City; and
- That the terms and conditions of the proposed retroactive extension of the sublease are fair and reasonable; and be it,

FURTHER RESOLVED, That the Board of Directors authorizes the Director of Island Operations to execute a retroactive extension to the month-to-month sublease with ACC for the premises at the existing rent of \$21,831.56 NNN per month for a term that shall expire on October 15, 2006, in substantially the form attached as Exhibit A.

#### CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on September 27, 2006.

John Elberling, Secretary







#### CITY AND COUNTY OF SAN FRANCISCO TREASURE ISLAND DEVELOPMENT AUTHORITY

TREASURE ISLAND BUILDING ONE 410 AVENUE OF THE PALMS SAN FRANCISCO, CALIFORNIA 9130

#### FIRST AMENDMENT

THIS FIRST AMENDMENT (this "Amendment") is made as of September 8, 2006, in San Francisco, California, by and between American Civil Constructors – West Coast, Inc., a California Corporation ("Subtenant"), and the Treasure Island Development Authority, a California nonprofit public benefit corporation ("Authority").

RECITALS

WHEREAS, Authority and Subtenant have entered into the Sublease (as defined below); and

WHEREAS, Authority and Subtenant desire to modify the Sublease on the terms and conditions set forth herein;

NOW, THEREFORE, Subtenant and the Authority agree as follows:

- 1. Definitions. The following definitions shall apply to this Amendment:
- (a) Sublease. The term "Sublease" shall mean the Sublease dated March 9, 2006, between Subtenant and Authority.
- (b) Other Terms. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Sublease.
- 2. Modifications to the Sublease. The Sublease is hereby modified as follows:
  - (a) Section 3. Section 3, Term of the Sublease, currently reads as follows:

#### 3.1. Term of the Sublease

The term of this Sublease shall commence on March 10, 2006 (the "Commencement Date") and continue on a mouth to month basis and expiring on September 9, 2006 (the "Expiration Date"), subject to Section 3.2 below or unless sooner terminated or extended pursuant to the terms of the Sublease.

Such section is hereby amended in its entirety to read as follows:

#### 3.1. Term of the Sublease

The term of this Sublease shall commence on March 10, 2006 (the "Commencement Date") and continue on a month to month basis and expiring on October 15, 2006 (the "Expiration Date"), subject to Section 3.2 below or unless sooner terminated or extended pursuant to the terms of the Sublease.

- 3. Effective Date. Each of the modifications set forth in Section 2 shall be effective on the latest to occur of (i) the Parties' execution and delivery of this Amendment, (ii) Sublandlord's Board of Directors' approval of this Amendment at a duly noticed public meeting, and (iii) Sublandlord's and Master Landlord's execution of an amendment to the Master Lease approving Subtenant's use of certain Hazardous Materials on the Premises.
- Legal Effect. Except as expressly modified by this Amendment, all of the terms and conditions of the Sublease shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Subtenant and Authority have executed this Amendment as of the date first referenced above.

AUTHORITY:

Treasure Island Development Authority

By: \_\_\_\_\_\_\_ Mirian Saez, Director of Operations

Approved as to Form:

Dennis J. Herrera City Attorney

SUBTENANT:

American Civil Constructors - West Coast, Inc., a

California Corporation,

Rob Barkley, General Superintendent and V.P. 3701 Mallard Drive

Benicia, CA. 94510 Phone No. 707-746-8028x12





"Gilkey, Douglas E CIV OASN \(I&E\) BRAC PMO West" <douglas.gilkey@navy.mil> 09/06/2006 12:32 PM To <marc.mcdonald@sfgov.org>, <rajesh\_oberoi@dot.ca.gov>

"Larson, Elizabeth A CIV OASN \(I&E\) BRAC PMO West"
cc <elizabeth.larson@navy.mil>, "Klimek, Ann CIV OASN
\(I&E\) BRAC PMO West" <ann.klimek@navy.mil>

bcc

Subject Approval for Storage of Hazardous Materials

History:

This message has been forwarded.

Marc, Raj:

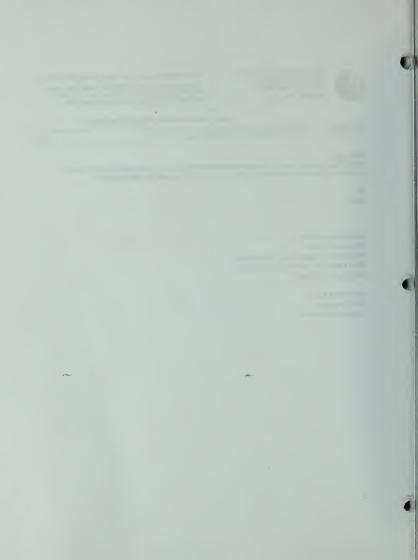
We received approval for ACC's storage of hazardous materials at Treasure Island. We will work to amend the TIDA lease for this one specific instance. Give me a call if you have questions.

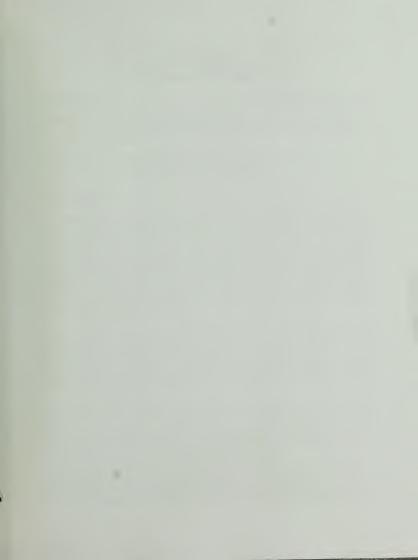
R/

Doug

Douglas Gilkey, AICP
Base Closure Manager
Hunters Point - Treasure Island - Barbers Point
BRAC PMO West, 1455 Frazee Road, Suite 900
San Diego, CA 92108-4310

619-532-0949 Phone 619-532-0983 Fax douglas.gilkey@navy.mil







#### AGENDA ITEM

# Treasure Island Development Authority City and County of San Francisco

Agenda Item No: 9

Meeting Date: September 26, 2006

Subject:

Presentation of Development Plan and Term Sheet for the Redevelopment of Former Naval Station Treasure Island (Discussion

Item)

**Staff Contact:** 

Michael Cohen, Director, Mayor's Office of Base Reuse

Jack Sylvan, Mayor's Office of Base Reuse

#### BACKGROUND

Over the past 3 years, elements of the proposed redevelopment project for Treasure Island have been presented as draft documents/plans to the Treasure Island/Yerba Buena Island Citizen's Advisory Board (TICAB), Treasure Island Development Authority ("Authority) Board and other entities, including the Board of Supervisor's Land Use and Economic Development Subcommittee. The purpose of presenting those plans and documents as drafts was to receive policy feedback that would guide the negotiation and drafting of a Development Plan and Term Sheet for the Redevelopment of Former Naval Station Treasure Island (the "Development Plan"). We are very pleased to present the product of this work, a copy of which is attached to this staff summary as Exhibit B for your review. An executive summary of the project is provided below.

The Development Plan references a multitude of exhibits – the Housing Plan, the Infrastructure Plan, the Financing Plan, etc – that provide the backup documentation and detail supporting the principles, policy statements and terms and conditions outlined in the Development Plan. These exhibits will be distributed as a package at the Authority meeting as part of the presentation of the plan. In addition to the package of exhibits, staff is preparing a matrix summarizing changes to the plans and exhibits since the last version of each individual plan was last publicly presented.

At the September 26, 2006 meeting, staff and TICD representatives will present a more detailed overview of the entire Development Plan, including each of its component parts. Because we recognize that we are presenting an enormous amount of information, we expect to be discussing the final Development Plan – together with all of its exhibits – with the Authority and the TICAB at multiple meetings over the next six weeks.

Additionally, staff will be preparing a more extensive staff summary, which provides a complete overview of the Development Plan and exhibits, for entities that have not been as extensively involved in the development of the plans as the TICAB and Authority Board and may not be as familiar with the project, such as members of the public, the Board of

Supervisors, other governmental agencies and interested media. We expect to provide that more extensive staff summary shortly.

#### EXECUTIVE SUMMARY

The Development Plan presents a comprehensive look at all of the key elements of the proposed redevelopment of Treasure Island and Yerba Buena Island (together, "Treasure Island"), and includes detailed plans regarding land uses, phasing, infrastructure, transportation, sustainability, housing, including affordable housing, jobs and equal opportunity programs, community facilities and project financing.

While the Development Plan is the product of the most extensive public review process for a large development project in the City's history (the list of public meetings since 2000 is included as Exhibit A), it does not signal the end of the planning process for Treasure Island. To the contrary, at least 18 to 24 months of project specific environmental review under CEQA, and the preparation and negotiation of hundreds of pages of implementing documents, including a comprehensive Disposition and Development Agreement ("DDA"), plus final approvals from the Authority Board and the Board of Supervisors – after many more public meetings with the TICAB and others - still remain to be completed.

However, the Development Plan does mark a very important milestone in the project. The Development Plan represents the culmination of more than 3 years of concentrated effort by TICD, staff, the TIDA Board, the TICAB, the Land Use Committee of the Board of Supervisors and interested members of the public regarding the future of Treasure Island. The Development Plan is extraordinarily comprehensive in its scope. The breadth of the Development Plan is intended to allow for a clear understanding of the policy goals and objectives of the project, and once it is endorsed, will provide specific guidance for the enormous effort necessary to prepare final development agreements and plans.

In a fiscal environment where Proposition 13 and its progeny, and ever stingier federal and state governments, have significantly impaired the ability of cities to pay for the creation of new public benefits like parks and affordable housing, our mandate for the redevelopment of Treasure Island has been to maximize the creation of public benefits without relying on the City's General Fund. The way to achieve that goal is by leveraging private capital and land value created from the redevelopment itself to the greatest extent possible. At the same time, we have sought to create a new neighborhood in San Francisco which reflects the highest values of environmental sustainability and good urban design. We believe we have succeeded in both respects enormously.

The redevelopment of Treasure Island will directly contribute more than \$270 million towards the creation of 1,800 below market housing units (30% of all housing), including the Treasure Island Homeless Development Initiative's ("TIHDI's") groundbreaking supportive housing program (this amount does not include the additional cost of constructing Inclusionary units by market rate developers of \$131 million). The redevelopment plans for Treasure Island also will create one of the largest new public park and open spaces in San Francisco since the

construction of Golden Gate Park – approximately 300 acres of model of intensely-programmed open space in the middle of San Francisco Bay. Perhaps most remarkably, this project delivers these enormous public benefits, plus others like numerous jobs and economic development opportunities, without any new contribution from or recourse to the City's General Fund.

Nor did we have to sacrifice good planning or urban design to achieve these goals. To the contrary, the redevelopment of Treasure Island is on track to be one of the greenest, most sustainable development projects in the country. Best practices in the areas of sustainable development are imbedded in the very fabric of the land use plan for Treasure Island. The land use plan is compact and walkable, with 90% of all new homes with in a 12-minute walking distance of an inter-modal transportation hub. The orientation of the street grid maximizes solar exposure to streets, neighborhood parks and buildings while minimizing the impact of the often strong winds. The project is dense enough to sustain a critical mass of neighborhood-serving retail so residents will not need to cross the Bay Bridge for basic needs and services. The Transportation Plan supports an ambitious program designed to get people out of their cars and onto mass transit, including ferries that will connect to the Ferry Building proposed at 10-minute intervals during peak commute and even more frequent buses to and from San Francisco and the East Bay. 100% of the parking is unbundled from the residential units themselves. Treasure Island will also institute the nation's first congestion pricing program to discourage automobile trips on the Bay Bridge during peak hours. And almost every household of the island will be required to purchase a comprehensive transit pass as part of their housing costs that will make transit a much more appealing option. All of these programs will be funded by the development and managed through a comprehensive transportation demand management program.

The Development Plan also requires the application of cutting-edge "green" building methods. TICD has agreed to work towards all new buildings meeting LEED equivalent standards and to work towards the overall development meeting the LEED-ND Platinum equivalent standards for neighborhood-wide development projects. The Development Plan will create wetlands specially designed to treat storm water and will create and restore natural habitats and areas for wildlife. Water and wastewater systems will maximize recycled flows and provide effective attenuation and treatment before off-island discharge. A construction waste management plan will govern all construction activities at the site and require, among other things, the deconstruction of buildings with substantial recoverable materials. Treasure Island will utilize photovoltaics and other alternative energy sources extensively with the objective that Treasure Island may someday generate more power via renewable sources than it uses.

Over the next 18 to 24 months there are literally thousands of details that will need to be worked out regarding these ambitious plans, but we believe that the Development Plan presents a strong and comprehensive foundation for that work and will result in a project that San Francisco can be very proud of.

#### NEXT STEPS

Staff and TICD will present the Development Plan at the September 25, 2006 TICAB and September 26, 2006 Authority meetings. A joint TICAB — Authority meeting to discuss the Development Plan and provide feedback has been scheduled for the evening of October 11, 2006 to be held at the Port's Bayside Conference Room at Pier One. It is anticipated that separate third and final TICAB and Authority meetings will be scheduled in late October for final consideration of the Development Plan, before forwarding to the Board of Supervisors for review of the project.

#### **EXHIBITS**

- A History of Public Meetings on Treasure Island Redevelopment Project
- B Development Plan and Term Sheet for the Redevelopment of Former Naval Station Treasure Island







# TREASURE ISLAND REDEVELOPMENT PROJECT PUBLIC MEETINGS – 2000 TO PRESENT

The following is a list of the Public meetings held related to the redevelopment planning for former Naval Station Treasure Island. The list includes meetings of the Treasure Island Development Authority Board (TIDA), the Treasure Island/Yerba Buena Island Citizens Advisory Board (CAB) and its subcommittees, Committees of the Board of Supervisors, and other regional and state governmental and public interest organizations.

1.	June 14, 2000	TIDA

Presentation, discussion and approval of a resolution for the submission of the Economic Development Conveyance (EDC) application to the United States Navy.

Presentation, discussion and approval of a resolution for the issuance of the Request for Qualifications (RFQ) for a primary developer.

## 2. December 21, 2000 TIDA

Presentation, discussion and approval of a resolution for the issuance of the Request for Qualifications for consultant services in order to assist in the evaluation of the responses to the primary developer RFQ.

## 3. January 18, 2001 CAB

Presentation and discussion on the issuance for the RFQ for a primary developer.

## 4. February 15, 2001 CAB

Update and discussion on the responses to the RFQ for a primary developer.

## 5. March 7, 2001 CAB

Review of the responses to the RFQ for a primary developer. CAB designates subcommittee to evaluate responses to RFQ.

## 6. May 2, 2001 CAB - Planning & Development Subcommittee

Discuss and prepare report for full CAB to present to TIDA on the Subcommittee findings and review of the responses to the RFQ.

## 7. May 17, 2001 CAB

Report and discussion by Planning & Development Subcommittee on the evaluation and discussion of the responses to the RFQ for a primary developer.

# 8. May 29, 2001 CAB - Planning & Development Subcommittee

Prepare report for full CAB to present to TIDA on the Subcommittee findings and review of the responses to the RFQ.

# 9. June 6, 2001 CAB

Discuss and finalize the report for full CAB to forward to TIDA on the P&D Subcommittee evaluation of the responses to the RFO.

10. June 21, 2001 CAB

Discuss and prepare report and recommendation for TIDA on P&D Subcommittee's evaluation of the responses to the RFQ for a primary developer.

11. July 11, 2001 TIDA

Discussion and approval of a resolution to accept the recommendations by the consultant team and the CAB to prepare a joint RFQ/RFP to solicit interest from the entire development community for the redevelopment of former Naval Station Treasure Island.

12. September 6, 2001

**CAB**Discussion and adoption of Timeline for Request for Proposal (RFP) for a Primary Developer.

13. September 12, 2001

TIDA
Discussion of the findings of the analysis conducted by Bay Area Economics to assess developer concerns related to the primary developer request for qualifications process and the impact of those finding's on future solicitation efforts.

14. September 27, 2001

CAB
Review and discuss the findings of the Bay Area Economics report on the
Assessment of Concerns Related to the RFQ, prepare comments and make
recommendations to TIDA.

15. October 17, 2001

TIDA

Continuation of discussion on the responses to the RFQ, the independent evaluation of the responses, results that one was qualified. Information was compiled and a report was prepared by BAE providing for three options.

CAB Chair, discusses the review by the CAB of the BAE report and options. CAB recommends to TIDA Option 1 of the BAE report. In addition a second vote was taken to recommend to proceed and issue a Focused RFP.

TIDA BD authorizes Ex. Dir. to proceed with original solicitation process - a Focused RFP.

16. January 17, 2002

CAB

Presentation and discussion of the draft focused RFP for a Primary Developer. Designate P&D Subcommittee members to review and evaluate specific portions of the draft RFP, and establish timelines of the review process.

17. January 31, 2002

CAB - Planning & Development Subcommittee

Review and evaluation of specific portions of the draft focused RFP. Prepare comments and recommendations for the revision of the RFP.

18. February 13, 2002

TIDA

Presentation and discussion on the focused RFP for a Primary Developer to be issued to Treasure Island Community Development and further discussion of the

status of TIDA's the US Navy's environmental process and the Economic Development Conveyance application with the US Navy.

Draft focused RFP to be reviewed by the CAB and Subcommittees and various organizations, State and local agencies, and the public for comment prior to issuance in the spring.

19. February 21, 2002

CAB

Discussion and authorizing P&D Subcommittee to prepare the final comments and recommendations for changes to the Draft focused RFP to be forwarded to TIDA.

20. March 6, 2002

CAB - Planning & Development Subcommittee

Discuss and prepare summary of concerns on the Draft focused RFP to be forwarded TIDA.

21. March 13, 2002

TIDA

Presentation of Draft focused RFP for Primary Developer to be Issued to Treasure Island Community Development, LLC. Continuation of the presentation of the draft focused RFP from the February TIDA meeting, discussing the financial elements of the RFP submittal, including: (i) a feasibility plan and pro forma laying out financial assumptions lease rates, development costs, and capital costs; (ii) a transaction structure and business offer; (iii) the financing plan, which addresses project to self-sufficiency, the need for public financing, and sources of equity financing and debt; and (iv) a financial guaranty for project performance.

22. March 14, 2002

CAB - Outreach Subcommittee

Prepare Outreach strategy for Response to the draft RFP.

23. March 21, 2002

CAB/TIDA - Joint Meeting

Discussion and comments on the draft RFP. CAB authorizes the P&D Subcommittee to submit final summary of concerns and make recommendations on the focused draft RFP to be forwarded to TIDA.

24. April 10, 2002

TIDA

Discussion on the changes made to the RFP. Presentation and discussion of CAB comments and summary of concerns on the draft RFP.

Resolution authorizing the Ex. Dir. To issue a focused RFP to Treasure Island Community Development, LLC.

25. July 17, 2002

TIDA

Introduction and presentation on the response to the focused RFP for the redevelopment of the former Naval Station. TICD provided additional copies the Board of Supervisors, the CAB, City Departments, State Agencies, several interested individuals, and at the Public Library.

26. July 18, 2002

CAB

Introduction and presentation of draft response to the RFP.

Announcement of several public meetings scheduled at various locations for the review and comment of the draft response to the RFP.

27. August 1, 2002 CAB - Planning and Development Subcommittee

Review of the draft response to the focused RFP. Subcommittee Chair appoints additional subcommittees and subcommittee members.

28. August 6, 2002 CAB – Transportation and Infrastructure Subcommittee

Review draft response to focused RFP as related to transportation and infrastructure.

29. August 12, 2002 CAB – Urban Design Subcommittee

TIDA

Review draft response to focused RFP as related to urban design, environment and open space and tidelands trust.

30. August 13, 2002 CAB and TIDA
Public workshop and discussion of draft response to the focused RFP.

Taylo Workshop and diseases of district points to the resulted All T

generated, and phases of construction.

Presentation and discussion of specific portions of the Draft response to the RFP economic and business plan, compliance with EDC application, transit issues,
landscaping, and housing, density and parking issues, how revenues are

Director Conroy reported that she and Deputy Director Stephen Proud have met with all members of the Board of Supervisor, except Supervisors Hall, Ammiano, and Sandoval, regarding the RFP-response and development process and have received favorable feedback and support regarding ongoing process.

32. August 15, 2002 CAB

31. August 14, 2002

Presentation and discussion of specific portions of the draft response to the RFP. Discussion of issues and topics as presented at the TIDA meeting on August 14. Reports presented by Chair if each subcommittee on the review process of the draft response to the RFP.

33. August, 17, 2002 CAB

Public Workshop and presentation and discussion of specific portions of the draft response to the RFP.

34. August 20, 2002 CAB - Urban Design Subcommittee

Discussion and review of the Draft response to the RFP as related to urban design, environment, open space and tidelands trust.

35. August 22, 2002 CAB - Transportation & Infrastructure Subcommittee
Discussion and review of the draft response to the RFP as related to
transportation and infrastructure.

36. August 22, 2002 CAB - Housing & Community Benefits Subcommittee
Discussion and review of draft response to the RFP as related to housing and
community benefits.

37. August 28, 2002 CAB - Urban Design Subcommittee

Discussion and review of the draft response to the RFP as related to urban design, environment, and tidelands trust.

38. September 10, 2002 CAB - Housing and Community Benefits Subcommittee

Discussion and review of draft response to the RFP as related to housing and community benefits.

39. September 11, 2002 TIDA

Presentation and discussion of specific portions of the draft response to the RFP - regarding open spaces and housing typology.

40. September 11, 2002 CAB - Urban Design Subcommittee

Discussion, review and prepare comments on the draft response to the RFP as related to urban design, environment, and Tidelands Trust.

41. September 12, 2002 CAB - Transportation & Infrastructure Subcommittee

Discussion, review and prepare comments on the draft response to the RFP as related to transportation and infrastructure.

42. September 19, 2002 CAB

Presentation and Discussion of draft response to the RFP as related to the business plan. CAB members finalize report for TIDA on recommendations and changes to the draft response to the Focused RFP.

43. October 9, 2002 TIDA

CAB Chair presents report and recommendations for changes to the draft response to the focused RFP as generated from the numerous public meetings over past three months on the review of the RFP.

TIDA staff present and discuss a long list of recommendations for the revised response to the focused RFP.

44. January 8, 2003

TIDA

Presentation and discussion of the Revised Response to the RFP. TICD presented revisions to the business and land use plans based on the comments collected during the CAB's review process and numerous public meetings.

45. January 16, 2003

CAB

Presentation of the Revised Response to the RFP. TICD presented an introduction to the revised proposal, citing that most of the changes related to land use and the business plan.

46. January 22, 2003

CAB - Transportation & Infrastructure Subcommittee

Discussion of the Revised Response to the RFP as related to transportation and infrastructure.

47. January 27, 2003

CAB - Urban Design Subcommittee

Discussion of the Revised Response to the RFP as related the urban design, environment and Tidelands Trust

48. February 7, 2003 CAB - Housing and Community Benefits Subcommittee Discussion of the Revised Response to the RFP as related to housing and

community Benefits.

CAB - Urban Design Subcommittee 49. February 11, 2003

Discussion of the Revised Response to the RFP as related the urban design. environment and Tidelands Trust

50. February 12, 2003 TIDA

Discussion of the Revised Response to the RFP as related to open space, bike and pedestrian access, transportation management plans, public services, water

treatment, affordable housing and infrastructure financing.

51. February 12, 2003 CAB - Transportation & Infrastructure Subcommittee Discussion of the Revised Response to the RFP.

CAB - Housing and Community Benefits Subcommittee 52. February 13, 2003 Discussion of the Revised Response to the RFP.

53. February 24, 2003 CAB - Housing and Community Benefits Subcommittee Discussion of the Revised Response to the RFP.

CAB - Urban Design Subcommittee 54. February 25, 2003 Discussion of the Revised Response to the RFP.

55. February 27, 2003

Discussion of the Revised Response to the RFP. Creation and submittal of comments from Chairs of the Housing and Community Benefits, Transportation and Infrastructure and Urban Design Subcommittees to be presented to TIDA.

56. March 12, 2003 TIDA

> TIDA staff presents comments on the revised response to the RFP. Comments were generated from CAB public meetings, and consultants who reviewed the documents including Economic and Planning Systems, Roma Design, TIHDI's consultant Community Economics and San Francisco Public Utilities Commission. Cites three main categories in report: project feasibility and timing, land use plan and urban design, and economic development and financial impacts to the City of San Francisco. Discussion on the components to be structured in the Exclusive Negotiations Agreement (ENA) and Milestones.

> Authorization to issue an RFO for environmental engineering contractor to assist Authority in negotiations and implementation of an Early Transfer of former Naval Station Treasure Island

57. March 20, 2003 CAB Discussion on the Milestones in ENA with Treasure Island Community Development LLC.

58, April 9, 2003 TIDA Approval of the ENA with Treasure Island Community Development LLC. Board of Supervisors, Land Use Subcommittee 59. May 12, 2003 General discussion of status of planning and negotiations with U.S. Navv. 60. May 14, 2003 TIDA Discussion and authorization to execute a contract with CH2M HILL for environmental engineering and remediation services in support of an Early Transfer for formal Naval Station Treasure Island CAB 61. June 19, 2003 Report of Treasure Island Homeless Development Initiative (TIHDI) and Mayor's Office of Housing re: affordable housing issues 62. July 17, 2003 Presentation by Seifel Consultants re: redevelopment plan process and Mark Mihaly (Shute Mihaly Weinberg LLC) re: State Lands Issues 63. August 21, 2003 CAB Presentation and overview of Draft Environmental Impact Report by URS & Presentation by Seifel Consulting on Preliminary Redevelopment Plan for Former NSTI 64. September 18, 2003 CAB Discussion of Draft EIR and preparation of comments 65. September 29, 2003 Board of Supervisors - Land Use Subcommittee General discussion of status of reuse planning and negotiations with U.S. Navv 66. October 2, 2003 TIDA/Planning Commission Joint Hearing Joint public hearing to accept public comments on the Draft Environmental Impact Report for the transfer and reuse of Treasure Island 67. October 16, 2003 CAB Update on Master Redevelopment Schedule & discussion of Draft EIR and preparation of comments thereto 68. December 10, 2003 TIDA Presentation of Revised Land Use Plan by TICD 69. December 11, 2003 CAB Presentation of Revised Land Use Plan by TICD, presentation of wastewater treatment study by Brown & Caldwell, presentation of ferry terminal study by

70. January 15, 2004

CAB

Discussion of Revised Land Use Plan by TICD, discussion of wastewater treatment study by Brown & Caldwell, discussion of ferry terminal study by Concept Marine Associates

Concept Marine Associates

71. February 11, 2004 TIDA

Discussion of wastewater treatment study by Brown & Caldwell and authorization to enter into MOU with EBMUD to evaluate feasibility of offisland wastewater treatment in addition to on-island alternatives

Discussion of ferry terminal study by Concept Marine Associates

Discussion of Revised Land Use Plan and proposed Trust Exchange Map by TICD

72. February 19, 2004 CAB

Discussion of Geotechnical Peer Review, Ferry Terminal Alternatives Analysis, and Trust Exchange legislation.

73. February 23, 2004 Board of Supervisors, Land Use Subcommittee

Hearing on the status of redevelopment plans for former Naval Station Treasure Island, including the terms and boundaries of the proposed Tidelands Trust Exchange.

74. March 2, 2004 CAB – Urban Design Subcommittee

Discussion of ferry terminal study and proposed Tidelands Trust Exchange map boundaries.

75. March 4, 2004 CAB

Presentation and discussion of proposed Tidelands Trust Exchange map. CAB endorses moving forward with proposed map.

Discussion of ferry terminal location. CAB recommends further analysis and endorses terminal at Pier One site.

76. March 10, 2004

TIDA
Discussion of Treasure Island Ferry Terminal Location Study. Board requests further analysis of key issues.

77. March 18, 2004

**Bay Conservation and Development Commission** 

Presentation of project overview and land planning update, unanimous support of State Lands Trust Exchange legislation.

78. April 14, 2004

TIDA

Presentation of geotechnical peer review prepared by URS for Treasure Island Development Authority.

79. April 20, 2004 California State Senate Government Organization Committee

Tidelands Trust Exchange Legislation, SB 1873, referred out of Committee by unanimous vote.

80. April 30, 2004 California State Senate

Unanimous approval of SB 1873, referred to State Assembly.

81. May 18, 2004	San Francisco Planning and Urban Research (SPUR)
,	Presentation of Treasure Island redevelopment planning as part of SPUR Waterfront Tour.
82. June 22, 2004	California State Assembly, Natural Resources Committee Hearing SB 1873.
83. August 3, 2004	CAB
, , , , , , , , , , , , , , , , , , ,	Presentation of Supplement to Treasure Island Ferry Terminal Location Study.
84. August 11, 2004	TIDA Presentation of Supplement to Treasure Island Ferry Terminal Location Study.
85. September 7, 2004	CAB
	Presentation of environmental remediation issues by TIDA's environmental engineering contractor, CH2M Hill.
86. October 5, 2004	CAB
50. 50.000 5, 200	Presentation of updated Land Use and Open Space plans by TICD.
87. October 13, 2004	TIDA
	Presentation of updated Land Use and Open Space plans by TICD.
88. October 19, 2004	CAB - Urban Design Subcommittee
	Discussion of updated Land Use and Open Space plans by TICD.
89. October 23, 2004	SPUR
,	Presentation and discussion of updated Land Use and Open Space plans by TICD.
90. November 9, 2004	CAB
70.110 remiser 3, 200 r	Discussion of and comments on updated Land Use and Open Space plan.
yeur.	Presentation of Draft Affordable Housing Plan.
91. November 10, 2004	TIDA
	Discussion of updated Land Use and Open Space plan.
	Presentation of Draft Affordable Housing Plan.
92. November 17, 2004	Community Meeting, hosted by Arc Ecology
	Presentation and discussion of updated Land Use and Open Space plans by TICD.
02 D 0 2004	TOTAL
93. December 9, 2004	TIDA Presentation and discussion of updated Draft Affordable Housing Plan.
94. January 11, 2005	CAB
	Presentation of Draft Infrastructure and Phasing Plan.

95. January 12, 2005 TIDA

Presentation of Draft Infrastructure and Phasing Plan.

96. January 25, 2005 CAB – Urban Design and Infrastructure and Planning and

Development Joint Subcommittee Meeting
Discussion of Draft Infrastructure and Phasing Plan.

97. February 1, 2005 CAB

Discussion of and formalization of comments on Draft Infrastructure and Phasing

Plan.

98. March 1, 2005 CAB

Presentation of Draft Sustainability Plan by San Francisco Department of the

Environment.

99. March 9, 2005 TIDA

Discussion of Draft Infrastructure and Phasing Plan.

Presentation of Draft Sustainability Plan by San Francisco Department of the

Environment.

Presentation of Environmental Clean-up Cost Estimates by TIDA environmental

engineering contractor, CH2M Hill.

100. March 22, 2005 CAB - Land Use Subcommittee

Discussion of Draft Sustainability Plan.

Presentation by Karen Kho Director of Green Building for the Alameda County

Waste Management Authority and Larry Mayers, Director of Housing for

Michael Willis Architects on sustainable design.

101. April 6, 2005 BOS - Land Use Subcommittee

Presentation of the revised Land Use Plan and an update on the project presented

by Tony Hall, Michael Cohen, and SMWM.

102. April 13, 2005 TIDA

Discussion of the Draft Sustainability Plan.

103. May 3, 2005 CAB

Update and Discussion of the Programmatic EIR for the transfer of the property

from the Navy to TIDA.

104. May 5, 2005 TIDA & San Francisco Planning Commission

Certification of the Programmatic EIR for the transfer of the property of from the

Navy to TIDA.

105. June 14, 2005 CAB & Public Workshop

Public Workshop including the opportunity for members of the public to

rearrange density and intensity of uses on TI.

106. July 12, 2005 CA

Presentation of the Draft Design for Development Proposal.

resentation of the Draft Design for Development rioposat.

107. July 13, 2005	TIDA Presentation of the Draft Design for Development Proposal.
	Presentation of the Draft Design for Development Proposar.
108. July 26, 2005	San Francisco Commission on the Environment Presentation of the Draft Treasure Island Sustainability Plan.
109. July 28, 2005	${\bf CAB}^{\ \ \ }$ ${\bf Subcommittee\ meeting\ to\ discuss\ the\ Draft\ Design\ for\ Development\ Proposal.}$
110. September 6, 2005	CAB Subcommittee meeting to discuss the Draft Design for Development Proposal.
111. September 13, 2005	CAB Full CAB meeting to discuss Draft Design for Development Proposal
112. September 14, 2005	TIDA Discussion and approval of ENA Extension
113. September 27, 2005	San Francisco Commission on the Environment Discussion of Draft Treasure Island Sustainability Plan and consideration of possible joint hearing with TIDA.
114. October 12, 2005	TIDA Discussion of status of project
115. October 17, 2005	TIDA Discussion of Draft Jobs, Equal Opportunity Program and Community Support Plan. Discussion of Art Park Best Practices.
116. November 7, 2005	CAB Discussion of Revised Land Use and Open Space Plan.
117. November 9, 2005	TIDA Discussion of Revised Land Use and Open Space Plan.
118. December 6, 2005	CAB Discussion of the Revised Land Use Plan and Urban Design Concepts.
119. December 14, 2005	TTDA Discussion of the Revised Land Use Plan and Urban Design Concepts.
120. January 10, 2006	CAB Presentation of the Draft Transportation Plan.
121. January 11, 2006	TIDA Presentation of the Draft Transportation Plan.
122. January 16, 2006	San Francisco Chamber of Commerce Presentation of Land Use and Transportation Plans
123. January 17, 2006	CAB Presentation of the Draft Community Facilities Plan.
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124. January 23, 2006	TIDA Presentation of the Draft Community Facilities Plan.
124. January 24, 2006	CAB Transportation Subcommittee Discussion of the Draft Transportation Plan.
125. January 31, 2006	CAB Urban Design Subcommittee Presentation of Draft Urban Design principles
126. February 7, 2006	CAB Discussion of the Draft Land Use Plan and the Draft Transportation Plan.
127. February 15, 2006	Board of Supervisors Land Use Subcommittee Presentation of the Draft Land Use Plan.
128. February 16, 2006	CAB Subcommittee Presentation of Draft Community Facilities Plan.
129. February 21, 2006	CAB Presentation of Draft Phasing Plan.
130. February 22, 2006	TIDA Presentation of Draft Phasing Plan.
131. February 28, 2006	SPUR Presentation of Draft Land Use Plan
132. March 7, 2006	CAB Presentation of Draft Fiscal Impact Analysis.
133. March 8, 2006	TIDA Presentation of Draft Fiscal Impact Analysis.
134. March 20, 2006	CAB Urban Design Subcommittee Discussion of Draft Phasing Plan.
135. March 23, 2006	Green Builders Conference Presentation of Draft Land Use Plan and discussion of green building techniques.
136. April 11, 2006	CAB Presentation of Draft Housing Plan.
137. April 20, 2006	TIDA Sustainability Workshop Discussion of Draft Sustainability Plan and sustainability elements.
138. May 1, 2006	CAB Housing Subcommittee Discussion of Revised Housing Plan

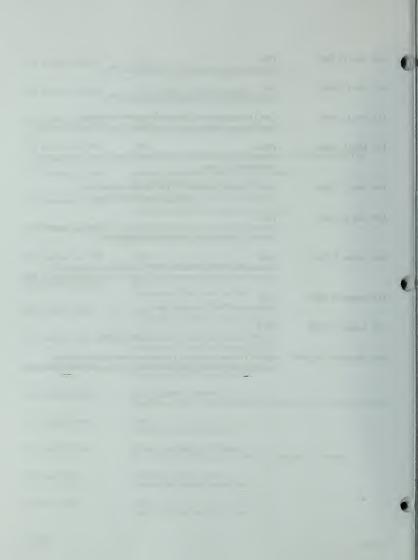
9/22/2006

Discussion of Revised Housing Plan

CAB

139. May 2, 2006

140.	May 10, 2006	TIDA Presentation of Revised Draft Transportation Plan
141.	May 16, 2006	CAB Presentation of Revised Draft Transportation Plan
142.	May 23, 2006	CAB Transportation & Infrastructure Subcommittee Presentation and Discussion of the Revised Draft Infrastructure Plan
143.	May 31, 2006	TIDA Presentation on the Status of the United States Navy's Environmental Remediation Program
144.	June 23, 2006	Water Transit Authority (WTA) Public Presentation Presentation of Land Use and Transportation Plans
145.	July 26, 2006	TIDA Presentation and vote to extend the Exclusive Negotiating Agreement between TIDA and TICD; unanimously approved
146.	August 1, 2006	CAB Presentation of Draft Financing Plan & Discussion and approval of minutes from the Infrastructure Sub Committee meeting of May 23, 2006
147.	August 15, 2006	CAB Discussion of Draft Financing Plan
148.	August 25, 2006	TIDA Presentation and discussion of Draft Financing Plan
149.	September 19, 2006	SFPUC Citizen's Advisory Committee Power Subcommittee Presentation of land use plan and discussion of proposed energy services





# DEVELOPMENT PLAN AND TERM SHEET FOR THE REDEVELOPMENT OF NAVAL STATION TREASURE ISLAND

#### between the

TREASURE ISLAND DEVELOPMENT AUTHORITY, a public body, corporate and politic of the State of California

and

TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC, a California limited liability company

dated as of , 2006

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# DEVELOPMENT PLAN AND TERM SHEET FOR THE REDEVELOPMENT OF NAVAL STATION TREASURE ISLAND

#### RECITALS

- A. The United States Navy (the "Navy") owns in fee that certain real property known as the former Naval Station Treasure Island ("NSTI"), located in the City and County of San Francisco ("City"), and consisting of the following two islands connected by a causeway: (1) Treasure Island, comprised of approximately 406 acres of level filled land, and (2) an approximately 96 acre portion of Yerba Buena Island, a natural rock outcropping, steeply sloped and highly vegetated, with elevations rising to over 300 feet above the water. NSTI also includes approximately 315 acres of unfilled tidal and submerged lands lying adjacent to Treasure Island in San Francisco Bay and approximately 232 acres of unfilled tidal and submerged lands lying adjacent to Yerba Buena Island in San Francisco Bay (the "Submerged Lands").
- B. The land within NSTI that is the subject of this Development Plan is shown on the attached Exhibit A (the "Property"). The Property excludes the portions of NSTI that are occupied by the United States Department of Labor Jobs Corps, the United States Coast Guard and the Federal Highway Administration (collectively, the "Excluded Properties"). The Excluded Properties are also shown on Exhibit A, attached hereto.
- \_C. During World War II, NSTI was used as a center for receiving, training, and dispatching service personnel. After the war, NSTI was used primarily as a naval training and administrative center.
- D. In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission acting under Public Law 101-510 and its subsequent amendments (the "BRAC"). The Department of Defense subsequently designated the City and, later, the Authority as the Local Reuse Authority ("LRA") responsible for the conversion of NSTI under the federal disposition process.
- E. In 1994, a Citizen's Reuse Committee ("CRC"), representing a broad spectrum of community interests, was formed to (1) review reuse planning efforts regarding the Property by the San Francisco Planning Department and the San Francisco Redevelopment Agency, and (2) make recommendations to the City's Planning Commission and Board of Supervisors.
- F. In July 1996, after an extensive community planning effort, the City's Mayor, Board of Supervisors, Planning Commission and the CRC unanimously endorsed the Draft Reuse Plan (the "Reuse Plan") for NSTI. The City forwarded the Reuse Plan to the Department of Defense in July 1996 to serve as the guiding document for an Environmental Impact Statement ("EIS")

under the National Environmental Policy Act ("NEPA") and an Environmental Impact Report ("EIR") under the California Environmental Quality Act ("CEQA") related to the transfer of the Property. The EIS and the EIR are collectively referred to herein as the "EIS/EIR." The Reuse Plan also serves as the basis for the Preliminary Redevelopment Plan for the Property. Since adoption of the Reuse Plan, the Authority has undertaken an extensive public process to further refine the land use plan for the Property. These revisions are reflected in the Illustrative Conceptual Land Use Plan attached to this Development Plan as Exhibit B, will serve as the basis for adoption of a final Redevelopment Plan for the Property (the "Redevelopment Plan") upon completion of further CEQA and, if required, NEPA review, and comprises the probable rezoning of the Property.

- G. In 1996, the City concluded discussions with the Treasure Island Homeless Development Initiative ("TIHDI"), a collaboration of 20 agencies that was formed in 1994 to develop the homeless component of the Reuse Plan, regarding a binding agreement (the "TIHDI Agreement") that would, among other things, (1) give TIHDI certain rights to participate in economic development opportunities at the Property, (2) facilitate implementation of a permanent employment program related to activities occurring at the Property, (3) give TIHDI certain rights to both temporary and permanent housing in support of TIHDI's programs, and (4) provide TIHDI with certain financial support.
- H. The Authority was created in 1997 to serve as a single-purpose entity responsible for the redevelopment of the Property. Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (1) designated the Authority as a redevelopment agency under the California Aedevelopment Law with authority over NSTI, and (2) with respect to those portions of NSTI that are subject to the public trust for commerce, navigation and fisheries (the "Tidelands Trust" or "Trust"), vested the authority to administer the Tidelands Trust as to such property in the Authority in accordance with the terms of the Act.
- I. The Board of Supervisors approved the designation of the Authority as a redevelopment agency with powers over the Property under the Act in Resolution No. 43-98, dated February 6, 1998.
- J. Under the Act and the Authority's Articles of Incorporation and Bylaws, the Authority, acting by and through its Board of Directors (the "Authority Board"), has the power, subject to applicable laws, to sell, lease, exchange, transfer, convey or otherwise grant interests in or rights to use or occupy all or any portion of the Property.
- K. On June 19, 2000, the Authority submitted an application (the "Application") to the Navy seeking an Economic Development Conveyance of the Property pursuant to Section 2905(b)(4) of the Defense Base Closure and Realignment Act of 1990, 10 U.S.C. Section 2687, as amended, and related implementing regulations of the Department of Defense (32 CFR Part 175). Since then, the Authority has been seeking to finalize a conveyance agreement with the Navy conveying the Property to the Authority in furtherance of the Application. On December 24, 2002, the Authority asked the Navy to consider negotiating an "Early Transfer" of portions of the Property under Section 9620(h)(3)(C) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980. Negotiations with the Navy regarding both a conveyance pursuant to the Application and an Early Transfer are on going.
- L. Upon execution of the conveyance agreement, the Navy will transfer the Property to the Authority, as the designated LRA.
- M. On June 14, 2000, the Authority authorized the issuance of a Request for Qualifications ("RFQ") regarding "master development" of the Property. The RFQ contemplated

the issuance of a Request for Proposals ("RFP") to those respondents who met the qualifications under the RFO.

- N. A team of expert consultants hired by the Authority reviewed the materials submitted by the respondents to the RFQ, prepared supplemental information requests to address questions raised during the review process; and together with Authority staff and a designated member of the Treasure Island Citizens Advisory Board ("TICAB"), conducted interviews of the responding teams. On July 11, 2001, the Authority passed a resolution finding that, based on the consultants' analysis and the recommendations of staff, only TICD met each of the criteria required under the RFQ for proceeding on to the RFP phase.
- O. After considering an independent consultant's report and the recommendations of staff, the Authority determined that to best achieve the goals of the Reuse Plan and avoid significantly delaying the implementation of the Reuse Plan, the Authority should (1) proceed with the original solicitation process set forth in the RFQ by issuing a focused RFP to TICD, and (2) evaluate the content of TICD's response to the focused RFP to determine whether the Authority should enter into exclusive negotiations with TICD regarding the implementation of its proposal. The Authority held numerous public meetings to draft an RFP, which included input from the TICAB (totaling over 30 meetings from the inception of the RFP to the Exclusive Negotiating Agreement). On April 10, 2002, the Authority authorized the Executive Director of the Authority to issue the focused RFP to TICD.
- P. TICD submitted a draft response to the focused RFP. After an extensive evaluation process in which the Authority staff and consultants, the TICAB and the Authority Board reviewed the draft response and held numerous public meetings, TICD submitted a revised response to the focused RFP. A team of expert consultants, Authority staff, the TICAB and the Authority Board reviewed the revised response. On March 12, 2003, the Authority determined that TICD's revised response to the focused RFP met the criteria set forth in the RFP and warranted entering into exclusive negotiations with TICD. On April 9, 2003, the Authority authorized the Authority's Executive Director to execute an Exclusive Negotiating Agreement with TICD.
- Q. On or about June 1, 2003, the Authority and TICD entered into the Exclusive Negotiating Agreement. The Exclusive Negotiating Agreement was amended and restated in its entirety pursuant to the Amended and Restated Exclusive Negotiating Agreement dated as of September 14, 2005 (the "ENA"). The ENA sets forth the terms and conditions under which the Authority and TICD are willing to negotiate (1) a disposition and development agreement ("DDA") and related conveyance agreements governing the redevelopment of the Property, (2) one or more 66-year ground leases (collectively, the "Lease") for certain portions of the Property that will remain subject to the Tidelands Trust, and (3) other necessary transaction documents for the conveyance, management and redevelopment of the Property (the other documents, the Lease and the DDA are collectively referred to as the "Transaction Documents").
- R. The ENA includes a schedule of performance setting forth a number of major milestones. The first key milestone, TICD's presentation of certain additional studies regarding the proper location of the ferry terminal, the feasibility of onsite wastewater treatment and peer review of TICD's geotechnical assumptions and approaches (collectively, the "Studies"), was achieved in January 2004, with the Authority Board's endorsement of the Studies, based on recommendations from the TICAB after public review. This Development Plan is the next key milestone under the ENA and the precursor to presenting final Transaction Documents to the TICAB for recommendation and the Authority Board and the Board of Supervisors for approval. City actions also will be required for the final Transaction Documents, including certain approvals by the City's Planning Commission and other applicable regulatory agencies.

- S. The project described in this Development Plan and the exhibits has been presented and reviewed in approximately 150 public meetings before the Authority Board and the TICAB, and in other local forums.
- T. This Development Plan summarizes the key policy goals, basic development guidelines, financial framework and other key terms and conditions that will form the basis for the negotiation and completion of the final Transaction Documents.

#### I. OVERVIEW

## A. Project Guidelines.

The Authority and TICD have embarked on an iterative public planning and review process to create a mixed-use redevelopment project on Treasure Island and Yerba Buena Island (the "Project"). The planning effort includes an unprecedented level of community involvement and input, and is based on the goals, objectives and guidelines for the Project that are identified in the Reuse Plan, the RFQ, the RFP and the ENA. These documents, and the information obtained from the public, require the Project to comply with the Tidelands Trust, seismically stabilize the perimeter of Treasure Island, and provide extensive public benefits to the City such as significant amounts of new affordable housing, increased public access and open space, transportation improvements, and recreational and entertainment opportunities, while creating jobs and a vibrant, sustainable community. The Project has been structured to provide fiscal neutrality to the City's General Fund such that these extraordinary Project benefits will be delivered without negatively impacting the City's General Fund.

This iterative planning effort included significant interaction between TICD and interested members of the public, the Authority staff, the TICAB and the Authority Board. The extensive public participation process included approximately 150 public meetings, public workshops and design charettes, and resulted in a comprehensive conceptual development program that is articulated in separate plans for land use/open space, phasing and transition, infrastructure, affordable housing, sustainability, transportation, economic development and jobs, community facilities and emergency planning and preparedness. This Development Plan reflects TICD's and the Authority's commitment to the following principles within the context of an economically feasible Project that is reasonably flexible to respond to changes in the marketplace:

- Incorporate the housing, economic development, employment and support components of the TIHDI Agreement
- Demonstrate leadership in sustainable design and provide new benchmarks for sustainable development practices
- · Establish the Property as a regional destination
- Create a unique San Francisco neighborhood that includes facilities and amenities necessary to support a diverse, thriving community, with a special emphasis on amenities for families
- Provide an affordable housing program that offers 30% of all residential units at below market rates
- Provide a comprehensive jobs and community development program that includes the creation of significant numbers of construction and permanent jobs
- Provide a new regional waterfront system of parks and public and open spaces on approximately 300 acres that is actively programmed with a variety of uses, including recreational, passive open space, arts, cultural and educational uses

- Implement an innovative transportation system that maximizes walking, bicycling and public transportation, and minimizes the impacts and use of private automobiles
- Provide a model of 21<sup>st</sup> century urban development that displays architectural and landscape design excellence befitting the Islands' history, location and prominence

## B. Development Opportunities and Constraints.

The redevelopment of the Property presents many opportunities for its current and future residents and visitors. Opportunities include maximizing the production of housing, including affordable housing, on the Property to the greatest extent possible to create a new and vibrant City neighborhood, and creating approximately 300 acres of parks and public open spaces in the middle of San Francisco Bay. However, the redevelopment process presents numerous challenges that require many coordinated projects of significant scope. Further environmental review under CEQA and, if required, NEPA must occur, hazardous materials remediation must take place, and island-wide infrastructure and transportation systems must be significantly upgraded and replaced. Six of the most significant challenges are (i) the geotechnical and seismic conditions on Treasure Island, (ii) he application of the Tidelands Trust to Treasure Island, (iii) issues of access and transportation, (iv) environmental remediation, (v) terms of the Navy conveyance, and (vi) the economic feasibility of providing the level of infrastructure and public benefits necessary to achieve the Project guidelines and goals.

- 1. Geotechnical and Seismic Conditions. Treasure Island proper (excluding most of Yerba Buena Island) is comprised of artificially constructed lands that were created using non-engineered fill. As a result, unless substantial geotechnical and infrastructure improvements are made, Treasure Island is expected to perform poorly in a major earthquake. The primary geotechnical concerns from earthquake-induced hazards include soil liquefaction and lateral spreading. Thus, the Project has been designed to improve seismic safety and to meet all applicable building and seismic safety standards. The Infrastructure Plan referenced in Section IV.B below describes the various geotechnical techniques that will be employed to seismically stabilize the perimeter of Treasure Island and prepare the Property for development.
- 2. Tidelands Trust. The State Lands Commission considers certain uses as not permitted on Trust lands, such as residential, non-maritime industrial, general office, purely local-serving retail/commercial, school and certain recreation uses. Under certain circumstances, and upon State Lands Commission concurrence, the Tidelands Trust designation may be removed from Trust property in exchange for imposing the Tidelands Trust on other property that (i) is useful for Trust purposes, (ii) is equal to or of greater value than the property from which the Trust is removed, and (iii) satisfies certain other legal requirements. Under Senate Bill 1873, which the Governor signed into law on September 15, 2004, the California State Legislature authorized a Tidelands Trust Exchange for the Project. Because the Tidelands Trust generally does not apply to most of Yerba Buena Island, under the exchange, the Trust would be lifted from the portions of Treasure Island that are planned for residential and other nonpermitted Trust uses and imposed on portions of Yerba Buena Island that currently are not subject to the Tidelands Trust. A map showing the portions of Treasure Island that will be "freed" from the Trust and the areas of Yerba Buena Island that will be subjected to the Trust is attached as Exhibit C. Because the Act does not allow for the fee transfer of those portions of the Property that are subject to the Trust, certain portions of the Property that remain subject to the Trust will be transferred under the Lease. In general, the Project anticipates that most of the lands "freed" from the Trust will be conveyed in fee to TICD as further described in this Development Plan.
- 3. <u>Transportation</u>. Issues of access and transportation are among the most critical considerations for the successful creation of a new community and regional amenity in

the middle of San Francisco Bay. Currently, access to Treasure and Yerba Buena Islands is severely limited and only possible via the Bay Bridge (by car or MUNI bus service). In addition, the tremendous traffic volume on the Bay Bridge and the design of the connecting ramps from the Bay Bridge to Treasure and Yerba Buena Islands will mean that vehicular access will be expected to remain extremely constrained in the future. The access and transportation constraints are addressed in a comprehensive Transportation Plan described in Section V below.

- 4. Environmental Remediation. Under the BRAC, the Navy is obligated to assess and cleanup environmental contamination at NSTI under a regulatory process that includes oversight by the U.S. Environmental Protection Agency, the California Department of Toxics Substances Control and the California Regional Water Quality Control Board. The Navy must remediate areas affected by environmental contamination to achieve a level of clean-up necessary to achieve a Finding of Suitability to Transfer ("FOST") pursuant to federal law. However, even after the Navy satisfies its legal obligations to remediate the Property (whether undertaken by the Navy to FOST standards or pursuant to an Early Transfer with a payment or credit for the benefit of TICD for remaining work), the program described in this Development Plan and adopted in the Redevelopment Plan will necessitate additional environmental remediation beyond FOST levels at a cost of approximately \$28 million. It is anticipated that the presence of environmental contamination also will limit areas of development and allowable uses through deed restrictions and a risk management plan.
- 5. Navy Conveyance. As described in the Recitals, negotiations with the Navy regarding both an Economic Development Conveyance and an Early Transfer are on-going. The Navy is also in the process of conducting an appraisal of the fair market value of the Property. For purposes of this Development Plan, the parties have assumed that the consideration to the Navy for the transfer of the Property will be in the form of relieving the Navy from its BRAC responsibility to complete the remaining environmental cleanup obligations pursuant to an Early Transfer at a cost of not more than \$40.5 million, but these terms have not yet been negotiated with the Navy. In addition to this amount, it is assumed that TICD will incur an additional \$28 million of environmental remediation costs to implement TICD's development plan.
- 6. Economic Feasibility. Unlike ordinary infill development within the City, the Property requires an unprecedented level of new infrastructure to be constructed to support the Project, including a disproportionate amount in the first phase of the Project. In addition, the Project guidelines call for extraordinary levels of public benefits and community facilities, including open space, affordable housing, and sustainable building practices. This Development Plan anticipates that the infrastructure, public benefits and-affordable housing subsidies will be paid through a combination of private investment and land secured tax exempt financing, as more particularly described in Section XI below.

## C. <u>Development Phasing and Protections</u>.

Authority will not be obligated to transfer portions of the Project will occur in phases, and the Authority will not be obligated to transfer portions of the Property to TICD until the satisfaction of certain conditions applicable to each phase of development. The Transaction Documents will require the redevelopment of the Property to occur in "Major Phases" in such order (including concurrently) as TICD and the Authority agree to in the Transaction Documents. At a minimum, the Transaction Documents will require TICD to complete within a specified period, infrastructure improvements during the first phase of the Project that include geotechnical and seismic stabilization of the perimeter of Treasure Island and the causeway and infrastructure and transportation expenditures. The phasing will allow early development of residential parcels on Yerba Buena Island, with subsequent development to occur first within the urban core of Treasure Island around the Ferry Quay and radiating outward. Each Major Phase development will include an agreed upon share of the public benefits, including necessary infrastructure, open

space, affordable housing, environmental remediation, community facilities and public services, all in accordance with the applicable plans negotiated as part of the Transaction Documents. The phasing will also carefully consider and address the needs of the existing tenants through construction mitigation measures and orderly development designed to minimize construction and relocation impacts to the extent feasible.

### 2. Protection of Entitlements.

- a. Protection Against Changes to Redevelopment Plan. The Redevelopment Plan and the Transaction Documents will establish the full extent of TICD's rights and obligations for the redevelopment of the Project, subject only to limited negotiated exceptions. Without limitation, the Redevelopment Plan will set the full extent of development density and intensity, the maximum level of public benefits and subsidies, and the applicability of local laws, fees and exactions. The Transaction Documents will provide TICD with certain approval rights over amendments to the Redevelopment Plan or the Transaction Documents that would have a material adverse effect on the Project (including both vertical and horizontal development) or the rights and obligations of TICD or any vertical developer under the Redevelopment Plan and the Transaction Documents.
- b. Protection Against Changes in Fees, Exactions and Laws. The parties acknowledge that the Project is intended to fully address the impacts of development on the Property and demands on public services by requiring the Project to construct and pay for an extraordinary package of public benefits well in excess of those that would be obtained through the imposition of existing City development fees and exactions. Such benefits include a contribution towards the construction of affordable housing of almost \$200 million (in addition to the inclusionary affordable housing provided by the Project), community facilities (including child care facilities), geotechnical and seismic stabilization of the perimeter of Treasure Island, transportation improvements and equipment, approximately 300 acres of parks and public and open spaces, sustainable building design, environmental remediation, and other benefits as further described in this Development Plan. The level of such benefits provided by the Project has been designed to avoid a negative impact on the City's General Fund. The Redevelopment Plan will fix the agreed upon development fees and exactions for the Project for a specified period of time and will limit the application of new fees and exactions and changes in City regulations over the life of the Development Plan. For purposes of this Development Plan, TICD has assumed that the only development fees and exactions applicable to the Project as of the effective date of the DDA will be the applicable building and construction-related permit and utility connection fees that are imposed City-wide, the applicable school impact fees that are implemented by the State, and a fee for public art for use on the Islands equal to 1% of hard costs for vertical improvement. The Project will be subject to applicable City laws and regulations as they exist as of the date of the adoption of the Redevelopment Plan, but only to the extent that such laws and regulations are not preempted by or otherwise inconsistent with the Redevelopment Plan, the Transaction Documents or applicable federal or state laws. The Redevelopment Plan will include certain limits on the City's and the Authority's ability to impose new or amend City laws and regulations that would have a material adverse effect on the Project (including both vertical and horizontal development) or the rights and obligations of TICD or any vertical developer under the Redevelopment Plan and the Transaction Documents.

#### D. Assumptions Underlying the Development Plan.

The parties acknowledge that the goal of this Development Plan is to achieve a balance between the public policy objectives of the Project (as set forth in the Reuse Plan, the RFQ, the

RFP, the ENA, the TIHDI Agreement and this Development Plan) and TICD's need for a reasonable market return on its investment. After execution of this Development Plan and during the remaining term of the ENA, the parties will negotiate in good faith to complete final Transaction Documents and a final development program that provide a level of public benefits substantially consistent with the Development Plan and achieve TICD's reasonable market return. Without limiting the foregoing, TICD has made key assumptions as to the financial feasibility of the Project based upon the level of public benefits and private development rights described herein. If, prior to entering into the DDA, circumstances arise as to change the key assumptions hereunder, there may be a material adverse effect on TICD's ability to achieve its reasonable market return and the Project's ability to finance the level of public benefits described in this Development Plan. If, prior to entering into the DDA, any of the key assumptions prove to be materially different such that the costs of development would be materially increased, the rights of TICD or the other developers to develop the Property would be materially decreased, or the land value for vertical sales would be materially decreased, then the parties will negotiate in good faith for the remaining term of the ENA to reach a fair and balanced agreement that provides TICD with its reasonable market rate return and the City and the Authority with an appropriate public benefits package that achieves the public policy objectives for the Project.

### II. LAND USE

#### A. Conceptual Land Use Plan.

During the extensive public planning process, the Authority and TICD formulated a Land Use Plan that is based on the Reuse Plan, the RFQ, the RFP and the ENA. The Land Use Plan has undergone significant revisions and refinements to address comments received from various stakeholders during the planning process. The guiding principles of the Land Use Plan are to:

- Create dense development located around a multi-modal transportation hub, including a newly created Ferry Quay on the west side of Treasure Island
- Create an island gateway and heart with the most intense residential density and the majority of commercial uses focused on the western shore to capitalize on the spectacular views to San Francisco as a public resource
- Organize buildings, streets and open spaces to respond to Treasure Island's unique microclimate of wind, sun and fog, accomplished, in part, by shifting the conventional street grid to orient certain streets due south
- Create a compact neighborhood with public spaces and land uses that are
  organized to encourage walking, bicycling and public transit and discourage the
  use of private automobiles
  - Establish Treasure Island as a viable commercial and visitor destination, including encouraging arts, cultural, entertainment and educational uses, that serve as both an amenity for San Francisco residents and a destination for nonresidents
  - Deliver a comprehensive network of new parks, open spaces and recreational opportunities that is unprecedented in San Francisco since the creation of Golden Gate Park
  - Include enough residential density to create a sustainable and self-sufficient community that supports neighborhood serving retail, community facilities, and transit infrastructure and service
  - Redevelop Treasure and Yerba Buena Islands to be a leading example of environmentally sensitive and sustainable master planned development

- Identify opportunities, to the greatest extent feasible, to integrate effectively the
  existing Department of Labor Jobs Corps campus into the new community both
  physically and programmatically
- Create a mixed-income community that is family-friendly and makes a significant contribution to the City's need for affordable housing
- Integrate public and private art and art programming opportunities throughout the Project
- · Maximize opportunities to reuse key historic buildings

The three main components of the Land Use Plan are (i) residential, (ii) open space and recreation, and (iii) commercial, mainly retail, hotels/timeshares and restaurants, but also including community, cultural, education and arts. The Land Use Plan also contemplates construction of a 400 slip marina that will be developed under a separate agreement as described in Section II.A.4 below. An illustrative Zoning Map and Description is attached as Exhibit D. The Design Concepts and Strategies set forth in Exhibit E, attached hereto, provide the design framework for the Land Use Plan and three dimensional design principles that will guide further development of the Land Use Plan through negotiation of the Transaction Documents. As the parties further refine the Land Use Plan during negotiation of the Transaction Documents, the locations and amounts of some of the proposed uses may change for reasons such as the need to address geotechnical site conditions, to strategically locate new development and to provide reasonable market rate economic returns from development. However, the main components of the final Land Use Plan generally will be consistent with the following:

1. Residential. The residential component will involve the creation of a new San Francisco neighborhood with approximately 6,000 residential units appealing to a diverse mix of people, including young workers, families with young children, established families, and seniors. The residential units will consist of affordable and market rate units, both rental and for sale. The units will represent a diversity of product types such as town homes, low-rise and attractive mid-rise and high rise buildings, including a tower evocative of the historic Tower of the Sun. Approximately 5,700-5,850 units are planned for Treasure Island and approximately 150-300 units are planned for Yerba Buena Island.

The residential program will reflect the best of San Francisco living including neighborhood parks, a diverse mix of people and homes, pedestrian-friendly streets, housing within 10-12 minutes from ferry and other transportation service, shops and restaurants, sunfilled, wind-protected open areas, an accessible waterfront-setting with spectacular views, and a dense, compact and sustainable development.

Affordable units generally will be disbursed across housing product types and throughout the Project to create neighborhood residential diversity. The affordable housing program will include a range of unit types with a distinct focus on creating family housing. The Housing Plan is discussed in more detail in Section VII below.

2. Open Space and Recreation. The Project will create a model for urban open space reflective of its magnificent location. The open space and recreation element will (i) create a carefully balanced mix of active and passive programming, (ii) activate the waters edge, (iii) provide a diverse mix of urban plazas and parks, (iv) provide active recreation for residents and visitors, (v) provide the opportunity to create a destination for arts and arts programming, and (vi) be a model for sustainable development practices and a demonstration of place-making that is responsive to environmental conditions. The open space and recreation will be developed in phases. The program will include approximately 300 acres of public access, parks, open space and shoreline improvements, including:

- A shoreline path around the perimeter of Treasure Island that (a) connects to a
  new pedestrian and bicycle path that is proposed for the new eastern span of the
  Bay Bridge to extend the Bay Trail to Treasure Island, and (b) is capable of
  connecting to a pedestrian and bicycle path on the western span of the Bay Bridge
  should such a path be added to the Bay Bridge
- A Great Park, including stormwater wetlands, passive open space, sailboarding launches and space for a non-profit funded and operated environmental education center
- Neighborhood parks (including playgrounds) and a gracious public realm that connects these parks together as well as to primary nodes of resident and visitor activity
- Spaces throughout the Project for public and private, permanent and temporary, art installations including, but not limited to, a Cityside park on the western shoreline of Treasure Island, and spaces that accommodate festivals, other special events and visiting artist programs
- A demonstration urban farm and park that can be a new model for park space by both producing food, flowers, or flora used to landscape the Islands and serving as a teaching tool linked to environmental educational programs on and off the Islands
- Regional opportunities for outdoor recreation, including baseball and softball
  fields, playing fields for soccer, rugby and other field sports, and outdoor sports
  courts, such as basketball courts
- Yerba Buena Island open space, including a hilltop park, trails connecting the hilltop park to the shore and Treasure Island, improved natural areas, a Clipper Cove beach and the Nimitz gardens
- A new pedestrian promenade along the Clipper Cove marina
- A sailboarding launch area
- A Ferry Quay plaza and breakwater
- A Clipper Cove plaza that will accommodate live public performances
- An active public space linked to Pier 1

The Land Use Plan also identifies a range of possible additional open space and recreation improvements that may be constructed as part of the Project, subject to the economic feasibility of funding these additional improvements through a combination of Project sources and non-Project sources (such as private foundation and non-profit grants, state bonds and state and federal grants).

3. Commercial. The commercial component includes (i) approximately 250,000 square feet of retail space that is primarily concentrated and organized as a main street between the Ferry Quay/Transit Hub and the Clipper Cove plaza, (ii) additional retail elements in Building One and along the expanded Clipper Cove Marina, (iii) approximately 400-500 hotel rooms, which may include one or more full-service hotels, a wellness lodging center, and one or more boutique time-share hotels, (iv) health, education, cultural, environmental and job-training facilities, (v) commercial, retail, cultural, entertainment, recreation, service or arts uses in the historic former seaplane hangars (Buildings Two and Three), (vi) adaptive reuse and preservation of Building One in a manner consistent with the Secretary of the Interior Standards for Historic Rehabilitation (the "Secretary Standards"), and (vii) preservation of Buildings Two.

Three, the Great White structures on Yerba Buena Island and other historical buildings to be performed in conjunction with economically feasible adaptive reuse and in a manner consistent with the Secretary Standards. Certain hotel facilities that are mutually agreed upon in the Transaction Documents may include fractional interest or timeshare units, provided, however, that if the time-share facilities are constructed on land that is encumbered with the Trust, such occupancy must be permitted under the Tidelands Trust. To the extent that any timeshare/fractional interest units are not treated as transient rooms subject to the City's Transient Occupancy Tax ("TOT"), TICD will cause the payment of an in lieu fee equivalent to the foregone TOT for such units.

The retail program is designed to provide an authentic retail experience with neighborhood serving retail, visitor serving retail, restaurants and entertainment venues, a regional destination for arts and recreation, and access to great open spaces in the Bay. Great attention will be given to creating a space of high quality and character that will attract San Franciscans as well as people from the region and beyond. TICD will be required to construct neighborhood serving retail in appropriate amounts to serve each phase of residential development, with particular attention paid to the early phases that serve existing and future residents and create a sense of community. Because of the importance of providing sufficient neighborhood serving retail to enable the community to be self-sufficient, the Project will include a grocery store or market of sufficient size and with sufficient grocery items to meet the anticipated needs of the residents of the Islands. The grocery store will be sited in a manner as to allow an expansion of the market to the extent such expansion is supported by market conditions.

4. <u>Marina</u>. The Authority has entered into an Exclusive Negotiating Agreement and endorsed a Term Sheet with Treasure Island Enterprises, LLC ("TIE") for redevelopment and expansion of the Clipper Cove Marina (the "Marina Project"). The general location of the Marina Project is shown on the illustrative Land Use Plan. The Term Sheet describes the plans for the waterside component of the Marina Project, including permanent waterside improvements for a 400 slip marina, a floating breakwater/public pier, temporary walkway and landscaping, temporary parking or loading zones, dredging in Clipper Cove and the phased demolition of the existing Marina. The Term Sheet also describes the landside services necessary to support the Marina, which will include a restroom, shower, laundry facilities and other improvements provided for the use of Marina tenants. The landside services will be incorporated into the overall Land Use Plan for the Property at the expense and responsibility of TIE. A copy of the conceptual land use plan for the Marina Project is attached as <u>Exhibit</u> G.

As part of its horizontal development obligations, TICD will work with TIE to provide a Developable Pad on the landside of the Marina for the Treasure Island Sailing Center facility. The location, size and other details regarding the Sailing Center's Developable Pad will be described more specifically in the DDA.

The Marina Project will be developed as a separate but collaborative project of TIE unless and to the extent TIE, the Authority and TICD agree to the contrary, each in its sole and absolute discretion.

5. <u>Submerged Lands</u>. Upon conveyance of the Property to the Authority, the Authority will tratin title to the Submerged Lands; provided, however, the Authority will grant to TICD a permit to enter the Submerged Lands to the extent necessary to construct the perimeter seismic stabilization of Treasure Island and other maritime-related improvements.

#### B. <u>Urban Design Concepts</u>.

In addition to the guiding principles of the Land Use Plan previously outlined and the Design Concepts and Strategies attached as <u>Exhibit E</u>, a substantial level of conceptual design has occurred at this stage of the Project and provides a framework for the three dimensional

urban design for the Project. The following concepts illustrate the intended design character of the proposed Project, but are not yet intended to serve as formal design guidelines. These principles, concepts and strategies will be further refined for inclusion in the Design for Development Document that will be attached to the DDA.

- Treasure Island. Treasure Island will contain several key districts, including a
  dense mixed use urban core, which will serve as both the heart and the gateway to Treasure
  Island. Other distinct districts will include residential neighborhoods, Clipper Cove and the
  Great Park. The urban design of Treasure Island will be guided by the following principles:
  - Treasure Island will be developed with a diverse array of buildings and structures exhibiting a diversity of high quality architectural design befitting the location, prominence and history of the Island and the City of San Francisco.
  - The development of well-designed architecture will serve the equally important principle of creating a lively and attractive public realm of active streets, plazas and parks.
  - A diversity of building heights will be established with the tallest and most dense buildings located closest to the Island heart and Transit Hub, including a high rise building evocative of the historic Tower of the Sun.
  - Individual neighborhood blocks will consist primarily of dense, low rise structures punctuated by mid-rise neighborhood towers serving as neighborhood markers generally located north of neighborhood open spaces.
  - Mid-rise and high rise buildings will be designed to achieve high efficiency ratios (subject to maximum floor plates to be agreed upon in the Transaction Documents) while appearing graceful and visually light, and will be spaced to enhance and preserve views while forming a dramatic and dynamic skyline from all key angles, but especially from San Francisco and the East Bay.
  - The ground floors of buildings located along primary pedestrian ways will present
    active uses to the street level (such as residential units or residential entrances,
    shops or community facilities). Parking will be wrapped or screened and will be
    minimized as part of the visual landscape. Blank walls will be kept to a
    minimum.
  - A unique open air, pedestrian-oriented retail street will stretch from the Ferry Quay to the new Clipper Cove plaza. Portions of the retail street will be covered by an attractive and architecturally prominent roof structure that will provide wind protection. The commercial and retail areas will be authentic and of high quality and character.
    - Residential and commercial structures will be constructed in accordance with the principles set forth in the Sustainability Plan.
    - A grand public entry to the Island will be created through the renovation and landscaping of Building One, and the construction of the new Ferry Quay/Transit Hub and the retail street.
    - A network of spaces designed to support permanent and temporary art
      installations will be created throughout the Project, including but not limited to
      the Cityside/Art Park, as well as the integration of art via street furniture, bus
      shelters, warming huts, public spaces and structures and other opportunities, with
      the intention to establish the Islands as a destination.

- Blocks will be parcelized into smaller lots, and building massing will be modulated in accordance with the human scale and facades will be articulated to create variation in the streetwalls and visual interest.
- 2. Yerba Buena Island. The Land Use Plan will allow for the development of Yerba Buena Island with approximately 150-300 residential units, a wellness lodging facility and rehabilitation of the historic Great White structures (phased to account for Caltrans' completion of the portion of the construction of the new eastern span of the Bay Bridge that impacts the Great White structures). In addition, portions of Yerba Buena Island's native habitat will be improved with hiking trails and a hilltop park. Key urban design concepts guiding development of Yerba Buena Island include the following:
  - Cluster development on Yerba Buena Island and establish new residential uses
    primarily on the site of existing housing pads.
  - Development will be predominantly low-rise and will be designed to preserve views from the hilltop park. New structures will be designed to blend in with Yerba Buena Island's natural conditions, and will not restrict public access to the hillside open spaces and trail network.
  - The siting of new structures on the Island will be sensitive to the dramatic sculptural form of Yerba Buena Island and complement the new urban form of Treasure Island.

#### C. Redevelopment Plan.

The proposed Land Use Plan requires further environmental review under CEQA and, if necessary, NEPA, as well as other regulatory and governmental approvals. Ultimately, the Authority, the Planning Commission and the Board of Supervisors will approve a Redevelopment Plan for the Property. The Redevelopment Plan will define the boundaries of the project area and set forth land use guidelines for the plan area such as the basic land use designations and allowable land uses.

In addition, the Redevelopment Plan will incorporate the following planning related documents:

- 1. Design for Development Standards. The Redevelopment Plan documents will include a Design for Development Document (the "Design for Development"), which builds upon the concepts and strategies outlined in the Design Concepts and Strategies attached as <a href="Exhibit-E">Exhibit-E</a>. The Design for Development will include form-based zoning that reflects the urban design concepts described above. The Design for Development will establish specific land use controls and design standards for the life of the Redevelopment Plan, which govern maximum development, height, bulk, tower separation, coverage and streetwall, open space, sunlight and wind, street system, view corridors, and parking and loading plans. The Design for Development also will include detailed design standards and guidelines for the various development and open space areas within the Property. The Redevelopment Plan and the DDA will require application of the Design for Development to all new construction and development.
- 2. <u>Design Review and Document Approval Procedure</u>. The Redevelopment Plan and/or the DDA also will include a Design Review and Document Approval Procedure (the "DRDAP") for each phase of horizontal development and for all of the vertical development. The DRDAPs will describe the approval process for major infrastructure, development phases and specific building projects within those phases, including the manner in which TICD and other developers will provide drawings, elevations, models and other depictions of the design and construction details for development, the approval standards and response times for the Authority, and dispute resolution mechanisms.

Under the DRDAP for horizontal development, the Authority will establish a procedure to approve the design and the plans and specifications for the horizontal development, including creation of a horizontal development task force to coordinate and expedite the necessary approvals under the DRDAP for horizontal development. There will also be a vertical DRDAP. An express goal of the vertical DRDAP will be to implement the urban design concepts outlined above, particularly the requirements for a high quality public realm, and high quality architecture and architectural diversity. The Authority's approval rights under the DRDAP, both horizontal and vertical, will be held to a reasonableness standard and limited to a determination of consistency with the Design for Development standards, compliance with other Redevelopment Plan elements, satisfaction of CEQA mitigation measures and similar matters.

Key elements of the DRDAP will include the following:

- a. Major Phase Applications. Before any tentative subdivision maps or vertical development projects may be approved for a particular Major Phase, the horizontal developer must submit a Major Phase Application for the reasonable approval by the Authority. The Major Phase Application will provide conceptual designs for site design, street layouts, public open space, infrastructure layout, sustainability measures, building footprints, and maximum building massing and heights, all as consistent with the Design for Development. The Major Phase Application must also catalogue all applicable CEQA mitigation measures and the process for implementation of such measures. The DRDAP will provide that the Authority will not disapprove a particular aspect of conceptual design if the Authority had previously approved such aspect in a pending or previous Major Phase if applicable.
- b. Schematic Design Application. Once a Major Phase Application is approved, the vertical developer must submit Schematic Design Applications for buildings. Each building (or in the case of smaller structures or town homes, each cluster of such smaller structures) will require a separate Schematic Design Application to be reviewed and approved by the Authority. To facilitate architectural diversity, schematic designs for buildings will be designed by a variety of design architects and, at a minimum, no single architectural firm will design more than 50% of individual buildings (or clusters of smaller structures) in a single Major Phase. The Schematic Design Application will include site plans, sections, elevations, renderings, landscape plans, and exterior material samples to illustrate the overall concept design of the proposed buildings. The Schematic Design Application will also need to discuss how the design will meet the green building standards defined for the Proiect in the DDA.
- c. Design Development Drawings. After Schematic Design approval, the vertical developer must submit a set of Design Development drawings, which may be prepared by the vertical developer's production architects. These drawings must be deemed complete before the vertical developer may submit a building permit or site permit application. The Design Development drawings will require staff approval to assure that the working architectural drawings are consistent with the approved Schematic Design. The Design Development drawings are more extensive than the site permit requirements and require initial working plans for structural systems, floor plans, architectural designs, and a systematic design of the building's mechanical, electrical and pumping systems. These plans also will be reviewed by staff qualified to assess compliance with the green building standards and familiar with the Schematic Design approval to maintain consistency of the design process.
- d. <u>Permit Drawings</u>. Each building permit application submitted to the Department of Building Inspection ("DBI") also will be forwarded to assigned Authority staff familiar with the development applications leading to the building permit,

including staff qualified to assess compliance with the green building standards and familiar with the Schematic Design and Design Development approval to maintain consistency with the design process. The role of this review is not to supersede the DBI process, but to ensure that the building design remains consistent with the approved Schematic Design and Design Development drawings and to approve and expedite the resolution of any remaining design details or conditions of previous approval actions. Permits for any vertical development will be conditioned upon the construction of that portion of the Major Phase's horizontal infrastructure serving that particular vertical development necessary to prepare the vertical site for foundation work. Certain aspects of the horizontal infrastructure in any Major Phase will await completion until after vertical work is commenced or completed as agreed upon by the parties in the Transaction Documents.

3. Interagency Cooperation Agreement. The Authority and the City will enter into an Interagency Cooperation Agreement to facilitate implementation of the Redevelopment Plan for the Project. The Interagency Cooperation Agreement will set forth a framework for cooperation between the Authority and the City in administrating the process for control and approval of subdivisions, building permits and all other applicable land use, development, construction, improvement, infrastructure, occupancy and use requirements. The Interagency Cooperation Agreement also will establish policies and procedures governing such Project approvals, including time limits for approval and processing to expedite review.

### D. Horizontal Land Development Model.

The redevelopment of the Property is structured on a "horizontal" land development model. Under this model, land is the asset that is being improved and sold, not buildings. The transaction structure is designed to transform the Property into parcels that are improved with streets, sidewalks, parks, infrastructure and certain community facilities (<u>i.e.</u>, the horizontal development).

- TICD's Role. TICD will be responsible for the horizontal land development
  process of converting the Property to improved development lots in accordance with the phasing
  concept discussed in Section III below. TICD and its affiliates also will participate in the actual
  vertical development of those lots for the uses set forth in the Land Use Plan, as described further
  in Section II.D.4 below.
- 2. Horizontal Land Development. TICD will be responsible for providing, or causing to be provided, the horizontal infrastructure for the Project, including building the infrastructure and otherwise preparing the land for development. The Transaction Documents will describe those elements of the horizontal development that TICD may transfer to the vertical developer. Specifically, to the extent that improvements are required for a specific Major Phase or to the extent such obligations are not transferred to the vertical developer. TICD will, among other things, (i) secure all regulatory approvals, permits and other entitlements necessary to complete the proposed horizontal development, (ii) complete all required land planning, (iii) complete the necessary demolition and deconstruction described in the Infrastructure Plan, (iv) complete the Navy's environmental remediation obligations to the extent not completed by the Navy, in accordance with standards established pursuant to a binding agreement among the Authority, TICD, the Navy and applicable regulatory agencies having jurisdiction over the Property, (v) complete any additional environmental remediation required by applicable regulatory agencies having jurisdiction over the Property, (vi) complete the geotechnical and infrastructure improvements described in the Infrastructure Plan, (vii) perform the necessary land grading described in the Infrastructure Plan, (viii) complete the parks and open space improvements described in the Infrastructure Plan and Land Use Plan, (ix) complete the community facilities described in the Community Facilities Plan, (x) complete the transportation

improvements described in the Transportation Plan, (xi) prepare the improved affordable housing Developable Pads for delivery to TIHDI and the Authority in accordance with the Housing Plan and the TIHDI Agreement, (xii) comply, or make provision for the vertical developers to comply, with the requirements, standards and criteria outlined in the Sustainability Plan, and (xiii) otherwise perform the obligations of TICD described herein. TICD will complete the horizontal development in accordance with a Schedule of Performance for horizontal development that is consistent with the Phasing Plan described in Section III below.

- 3. Vertical Development. In conjunction with TICD's completion of the horizontal development requirements for each Major Phase of development, the improved parcels will be subdivided into marketable lots or blocks and, subject to the requirements of the Transaction Documents, either (i) sold at fair market value to qualified vertical developers (including TICD and its affiliates) for the vertical development of the residential and commercial uses set forth in the Land Use Plan and the final Transaction Documents, (ii) transferred to the Authority or TIHDI for affordable housing development, or (iii) retained by the Authority and/or dedicated to the City for affordable housing, open space, community facilities and other public uses. All vertical development at the Property will comply with the Redevelopment Plan and related Plan documents, the Design for Development, the DRDAP for vertical development, applicable land use regulations adopted as part of the Redevelopment Plan and its exhibits, building codes, and the terms of applicable Transaction Documents.
- 4. <u>TICD's Share of Vertical Development</u>. To the extent TICD and affiliated companies participate in the vertical development of the Property, they will pay full fair market value for the land, just as any third party developer would, pursuant to an appraisal process to be set forth in the DDA. TICD affiliates also must have similar creditworthiness and development experience as will be required of third party developers under the DDA.

TICD and its affiliates will have the right, but not the obligation, to develop 100% of the vertical commercial development, including the hotels.

TICD's right to construct the vertical residential development will be structured to accomplish the following objectives: (i) implement the urban design concepts for the residential component described above, particularly the requirements for high quality architecture and architectural diversity, and (ii) provide adequate benchmarking of each product type for the appraisal process described above to ensure that the land for the vertical residential development is transferred at fair market value. As a mechanism to accomplish these objectives, the DDA will allocate development of the market rate residential units as follows:

- Pads for at least 20% of the market rate residential units (the "20% Auction Pads") will be sold via a blind auction or other mutually agreeable process. Acceptable bidders shall be reasonably pre-qualified by the Authority and TICD pursuant to an RFQ or other mutually agreed upon process to be established in the DDA. Prior to the close of escrow under the DDA for each Major Phase, TICD and the Authority will identify the locations of the 20% Auction Pads in such Major Phase and agree on a minimum bid price for each 20% Auction Pad in such Major Phase tuless otherwise agreed by the parties, the minimum bid price will be no less than the price for such product reflected in TICD's pro forma. TICD and its affiliates will have the right to bid on a 20% Auction Pad only if no qualified third party bids are received at or above the minimum bid price. If TICD or an affiliate is the successful bidder for any 20% Auction Pads, such pads will not count against the percentages allocated to TICD or its joint venture partners as described in the following two bullet points.
- Pads for up to 20% of the market rate residential units (the "20% JV Pads") may be sold at full fair market value determined by appraisal or as otherwise mutually

agreed, but without an auction, to joint ventures in which TICD and its affiliates have no more than a 50% ownership interest and under which the non-affiliated joint venture partner exercises management control as the "managing partner" of the joint venture over the design and construction phase, provided that TICD and its affiliates will be able to exercise management control over the marketing and sale of the completed residential units. Prior to the close of escrow under the DDA for each Major Phase, TICD and the Authority will identify the locations of the 20% JV Pads in such Major Phase.

 Pads for up to 60% of the market rate residential units may be sold to TICD and its affiliates at full fair market value determined by appraisal or as otherwise mutually agreed, but without an auction.

The architectural diversity objective will be addressed further through the DRDAP as described in Section II.C.2.b above.

The DDA also will provide that the sale of all lots will include a participation feature for the vertical development such that any profits above a mutually agreed return threshold (the "Hurdle Rate") will be shared between horizontal and vertical development consistent with the market for large scale master planned communities at the time of lot sale. The Authority's share of horizontal profits will include this participation as more particularly described in Section XI.C.2. Prior to close of escrow for each Major Phase, the Authority and TICD will agree on the Hurdle Rate for each product type in such Major Phase. The form of the Vertical DDA will include a mechanism to adjust the Hurdle Rate, subject to the consent of the Authority in its reasonable discretion, prior to close of escrow for the development parcel to the extent reasonably required to reflect material changes in market conditions.

To the extent TICD does not participate in certain elements of the vertical commercial development in the Project, the DDA will include a commercially reasonable non-compete provision relating to the hotels, the historic hangars (Buildings Two and Three), and other commercial product types agreed upon in the DDA. The DDA will also include non-compete provisions relating to those areas of the Job Corps site that become subject to the ownership, jurisdiction or regulatory authority of the Authority or the City. The non-compete provisions will allow the Authority to maximize economic development opportunities and other public benefits from the development of the applicable parcels without economically impairing TICD's pro forma return from such development or materially interfering with the uses developed by TICD or the vertical developers.

If the Authority acquires any portion of the Job Corps campus identified in Exhibit F, attached hereto, TICD will have a right of first refusal to acquire such property on the terms and conditions to be negotiated in the Transaction Documents.

#### III. PHASING

## A. Phasing Principles.

The DDA will contain a Phasing Plan that will allow for development of the Islands to occur in phases. Development under the Phasing Plan will allow early development of residential pads on Yerba Buena Island and will require initial infrastructure improvements necessary to seismically stabilize the perimeter of Treasure Island and the causeway along with development within the urban core of Treasure Island around the Ferry Quay in the first Major Phase. Subsequent development phases will radiate outward from the urban core in conjunction with appropriate amounts of open space and related infrastructure. The Phasing Plan is intended to allow TICD to achieve an economically feasible Project while balancing a number of competing interests, including (i) retention of existing housing for as long as reasonably possible to avoid housing interruption, (ii) creating a vibrant new community and delivering significant

community benefits as early in the Project as economically feasible, (iii) maximizing the value of the Project in order to maximize the community benefits that the Project can deliver, and (iv) adjusting Project phases to respond to market conditions, cost and availability of financing and the goals of economic feasibility. The Phasing Plan also must be sensitive to a number of factors, including (1) the expected timing of the Navy's transfer of the Property and hazardous material remediation, (2) the existing residents, (3) the need for continued utility and other services for existing housing and facilities, (4) the need for revenue generating uses in early phases of the Project, (5) the likely commencement of construction during geotechnical stabilization activities, (6) the need for off-site utility upgrades, (7) the recognition of existing onsite revenue producing uses and open space activities, and (8) the ongoing construction of the new eastern span of the Bay Bridge.

The final Phasing Plan will be developed in accordance with the following guiding principles:

- The first phase of horizontal improvements will focus on infrastructure improvements that will protect public safety, establish reliable utility services, and create the framework for subsequent vertical construction. This includes:
  - Geotechnical Improvements and Seismic Stabilization
  - Wastewater Treatment Plant Upgrades
  - Backbone Infrastructure
  - Ferry Quay and Transit Facilities
  - Off-Site Utility Improvements that Serve the Islands
  - Environmental Remediation
- The first phase of vertical construction will focus on land uses that exemplify the new Treasure Island Community and create an early sense of place and distinctive destination. This includes:
  - Diversity of Housing including Affordable Units
  - Retail Uses, including Neighborhood Serving Retail
  - Transportation and Transit Facilities
  - Parks and Open Space
  - Key Community and Public Facilities
  - Building One Welcome Center
- Affordable housing will be phased in consistent w/the Housing Plan such that approximately 30% of all units will be affordable units during each phase.
- Geotechnical and seismic stabilization occurs as part of initial site preparation, before any new vertical construction, to protect the existing housing and provide emergency access routes.
- Infrastructure and public facilities are phased with new development and provide continuous, reliable service to existing residents and businesses.
- Residential and commercial uses will be phased consistent with reasonable market absorption timelines.
- Housing opportunities are available for current residents prior to the deconstruction of existing residential units. Most existing housing on Treasure

Island will be retained until the last phase to enable phased construction of replacement homes and to maintain the revenues necessary to fund infrastructure and community benefits.

- Open space and recreational uses will be developed proportionally with housing and commercial uses. The Great Park will be in the last phase to allow for retention of existing housing until that time.
- Key sustainability elements will be implemented as early as possible, and development will be consistent with the principles established in the Sustainability Plan.
- Select community facilities, outlined in the Draft Community Facilities Plan, will
  be established in the initial phases of the development including recreation
  facilities and open space, neighborhood-serving retail, transportation
  infrastructure and coordinator, neighborhood reading rooms, and community
  spaces for varied programs.
- Community facilities for children, youth and seniors will be phased in at points that reasonably support the population and household mix, with specific timing outlined in the DDA.
- Parking facilities, either surface lots or structures, will be phased and developed to support related land uses.
- Construction impacts on existing residents and business, will be minimized to the
  extent feasible. Proposed measures include transportation of equipment and
  materials by water/barge to Pier One, establishment of construction staging areas
  and the use of buffer zones and temporary landscaping features.

### B. Horizontal Phasing.

1. Illustrative Phasing Plan. The horizontal improvements will be developed in four Major Phases that are tiered off of each other. The DDA will include milestones for each Major Phase that describe the general amount and product type of the vertical development within each Major Phase. Subject to the horizontal Schedule of Performance described below, the DDA will provide TICD with flexibility, subject to the Authority's reasonable consent, to adjust the milestones and/or the order of development to adapt to changing market conditions, construction issues or as otherwise reasonably agreed upon by the parties. An illustrative Phasing Plan that is based on the Land Use Plan is attached as Exhibit H. The Phasing Plan is illustrative only and will be modified in the final DDA. Phase 1 will involve the geotechnical and seismic stabilization of the perimeter of Treasure Island and the causeway as more particularly described in the Infrastructure Plan. Phases 2, 3 and 4 will create the backbone infrastructure, development parcels and Developable Pads to support the vertical development, as more particularly described in the Infrastructure Plan. At the first close of escrow under the DDA, the Authority will convey to TICD the Property necessary for both Phase 1 and Phase 2. The portions of such Property that are subject to the Tidelands Trust will be conveyed under a Lease and the portions of such Property that are free of the Tidelands Trust will be conveyed in fee; provided, however, that the Authority will grant TICD a Permit to Enter for any portions of the Property that will be retained by the Authority but on which TICD is obligated to construct public improvements such as streets, wet and dry utilities, open space and perimeter stabilization. TICD will construct the horizontal development for each Major Phase after the close of escrow for such phase. Prior to close of escrow for each Major Phase, the Authority and TICD will agree on the locations of the 20% Auction Pads, the 20% JV Pads, the Developable Pads for the New TIHDI Units and the Authority Units, the Hurdle Rate for vertical development and the order of development for such Major Phase.

- 2. Horizontal Schedule of Performance. The DDA will include a Schedule of Performance for the horizontal improvements within each Major Phase that includes an outside date for close of escrow, a start date to commence the horizontal improvements and a development period to complete the horizontal improvements within each Major Phase. Each date in the Schedule of Performance may be extended for traditional events of force majeure, litigation force majeure, and economic force majeure, each of which will be further defined in the DDA. The maximum periods of force majeure extensions that are available for each Major Phase will be set forth in the DDA. The DDA also will provide TICD with the opportunity to purchase certain limited extensions to the horizontal Schedule of Performance in the event no force majeure extensions are available. As a condition to close of escrow for each Major Phase, TICD shall be required to provide the Authority with a performance bond, completion guaranty or other security reasonably acceptable to the Authority and more particularly described in the DDA, to guaranty TICD's performance of its obligations to build the horizontal improvements.
  - a. <u>Authority Remedies</u>. The DDA will provide the Authority with appropriate remedies for TICD's defaults including, but not limited to, a TICD default that results in the failure to close escrow or its failure to complete the horizontal development in accordance with the horizontal Schedule of Performance for each Major Phase. Such remedies will, in certain circumstances and subject to certain conditions, include granting the Authority rights to terminate the DDA and rights of reverter.
  - b. <u>TICD Remedies</u>. The DDA will provide TICD with appropriate remedies for the Authority's defaults including, but not limited to, an Authority default that results in the failure to close escrow or its failure to perform its obligations under the DDA with respect to tax exempt financing.

#### C. Vertical Phasing.

1. Vertical DDA. Each of the vertical developers, including TICD and its affiliates, will be required to enter into a Disposition and Development Agreement for Vertical Construction or, in the case of Property that is subject to the Tidelands Trust, a Lease Disposition and Development Agreement for Vertical Construction (the "Vertical DDA"). The Vertical DDA will include the relevant obligations under the DDA to the extent that they apply to the development parcel in question, including a vertical Schedule of Performance, an allocation of the inclusionary affordable housing, economic development, sustainable building standards, community facilities and other obligations, and remedies, including appropriate mechanisms to ensure completion of the vertical development. The forms of the Vertical DDA (for both the Trust) will be attached as exhibits to the DDA. The remedies for failure to complete vertical development according to the applicable schedule of performance shall in certain circumstances and subject to certain conditions include termination of the Vertical DDA and rights of reverter as set forth in the Vertical DDA.

#### 2. Phasing Mechanisms.

a. Residential. During each Major Phase, upon satisfaction of the conditions precedent set forth in the DDA, TICD and its affiliates will have a right of first refusal to enter into a Vertical DDA and develop each market rate development parcel, subject to the limits on TICD's vertical development rights described in Section II.D.4. If TICD exercises the right of first refusal, the parties will initiate the appraisal process described in Section II.D.4 for the development parcel. If TICD does not exercise the right of first refusal, the development parcel will be sold to a third party vertical developer under an auction or other mutually agreeable disposition process. If no third party vertical sale occurs within an agreed upon time set forth in the DDA, TICD's right of first refusal will be reinstated for such development parcel.

- b. Minimum Commercial Development. The DDA will describe the minimum vertical commercial development that TICD will be required to construct, or cause to be constructed, as part of Phases 1 and 2 (the "Minimum Commercial Development"). Upon close of escrow for Phases 1 and 2, the Authority and TICD will execute the Vertical DDA for the Minimum Commercial Development, which Vertical DDA will include a Schedule of Performance for the Minimum Commercial Development. The Minimum Commercial Development will include neighborhood serving retail and the rehabilitation of Building One. TICD will be required to provide a performance bond, completion guaranty or other security acceptable to the Authority to secure its obligation to complete the Minimum Commercial Development.
- c. Remainder of Commercial Development. For all of the vertical commercial development other than the Minimum Commercial Development, during each Major Phase and upon satisfaction of the conditions precedent set forth in the DDA, TICD and its affiliates will have a right of first refusal to enter into a Vertical DDA and develop each commercial development parcel on its own behalf or pursuant to a sublease with a qualified third party approved by the Authority. The Vertical DDA will provide for an appraisal process or other appropriate mechanism agreed upon by the parties to ensure that the purchase price or the rent payable under the Lease, as applicable, reflects the fair market value of the development parcel. If TICD does not exercise the right of first refusal for a commercial development parcel, then the Authority may either sell or ground lease the pad to a third party vertical developer under an auction or other mutually agreeable disposition process for development that is consistent with the Redevelopment Plan and all related land use documents including the Design for Development, and compatible with the surrounding uses. If no third party vertical sale or Lease occurs within an agreed upon time set forth in the DDA, TICD's right of first refusal will be reinstated for such development parcel.
- d. Historic Hangar Structures. Within 12 months after the Board of Supervisors' endorsement of this Development Plan, TICD will prepare and present to the Authority a proposal for the adaptive reuse of the historic hangars (Buildings Two and Three), including the phasing of such adaptive reuse. If the Authority is not reasonably satisfied with the adaptive reuse proposal, the Authority may require that the ENA be amended to delete Buildings Two and Three from the Project. In such case, the Authority will have the right to negotiate with other parties regarding the adaptive reuse of Buildings Two and Three as a separate project. The DDA will provide that the Authority will not allow use of Buildings Two and Three in any manner inconsistent with the Redevelopment Plan and all related land use documents including the Design for Development, or in any manner that is incompatible with the surrounding uses.

#### IV. INFRASTRUCTURE

#### A. Key Elements.

In order to achieve the Land Use Plan's vision for the Project, TICD will provide significant infrastructure improvements to the Property in phases, including (i) demolition and deconstruction of existing non-retained buildings and infrastructure; (ii) environmental remediation; (iii) geotechnical and site stabilization; (iv) construction of new streets and transportation infrastructure, including an Intermodal Transit Hub and Ferry Quay on the west side of Treasure Island; (v) landscaping; (vi) creation of parks, open space and recreation facilities; (vii) construction of new wet and dry utilities such as potable water, storm water, sanitary sewer, gas, electrical and telecommunication systems, including improving offsite connections where necessary; and (viii) construction of a new wastewater treatment facility, provided however that the Authority and TICD will explore means of publicly or privately

financing the construction of the wastewater treatment facility based on revenues generated from the facility itself such that the Project would not fund capital construction or operation costs of the facility, and (ix) Developable Pads suitable for park maintenance areas/corporation yard and recycling activities.

#### B. Infrastructure Plan.

TICD and the Authority performed a significant amount of due diligence on the existing infrastructure and geotechnical condition of the Property, as more particularly described in the Studies described in Recital R. This due diligence guided the formulation of the Infrastructure Plan, a copy of which is attached as Exhibit I. The Infrastructure Plan describes the conceptual plan for the necessary infrastructure described above. TICD will design all infrastructure improvements to maximize system reliability and maintain service continuity. Environmentally such a part of the infrastructure throughout the Project as outlined in the Sustainability Plan and further described in the DDA.

### C. Demolition and Deconstruction.

TICD will perform demolition and deconstruction of the existing buildings and infrastructure that will not be retained as part of the Project. Deconstruction allows for maximum re-use of materials in keeping with the core principle that the Project be a sustainable development. TICD will prepare a Demolition and Deconstruction Plan that will be attached as an exhibit to the DDA. The Demolition and Deconstruction Plan will be consistent with the Sustainability Plan and the EIR mitigation measures adopted as part of the Project, and will address stakeholder issues such as (i) a Stormwater Pollution Prevention Plan; (ii) traffic management; (iii) material handling and disposal; (iv) dust and noise control; (v) stockpiling; (vi) Caltrans coordination; (vii) soils and groundwater management; and (viii) coordination with DBI.

### D. Solar and Public Power.

As outlined previously, one of the key guiding principles for the redevelopment of the Property is to establish Treasure and Yerba Buena Islands as a model of sustainable development. One of the key elements of accomplishing this goal is to maximize the ability of the Project to generate and utilize significant levels of renewable energy on site, particularly with solar technologies, but potentially through other means that may become technologically and financially viable in the future. The option of establishing the Islands as a location in which power can be provided through a public agency is an important tool to maintain flexibility in achieving the high level sustainability goals. The San Francisco Public Utilities Commission has prepared a feasibility study of the provision of public power to Treasure and Yerba Buena Islands and has determined that it is a viable option. The Authority will have the right to require that the Project purchase all of its electricity from the City's utility. Hetch Hetchy Water and Power, or other City sources so long as it is reasonably available for the Project's needs, the level of service is substantially equivalent or better than that available on the open market, it can be separately metered and implemented at comparable business terms and without additional delay (including delivery of service to construction sites), and the price is equivalent or less than then prevailing market rates for comparable types of loads.

### E. Environmental Remediation.

TICD's infrastructure obligations will include completing the incremental level of environmental remediation beyond that performed by the Navy as necessary to support the development program described in this Development Plan, as more particularly described in Section I.B.4 hereof.

### F. Operational and Infrastructure Facilities.

To the extent that, pursuant to the DDA, TICD provides facilities serving the operational and infrastructure needs of the Islands, such as the wastewater and recycled treatment facility, a desalinization plant, solar or other power technologies, telecommunications, or central plant facilities, TICD will have the right to engage third parties on market terms and conditions to construct, operate and provide such services to the Islands.

#### V. TRANSPORTATION

### A. Transportation Principles.

The Authority and TICD, with significant community involvement and input, have prepared an innovative, sustainable Transportation Plan that is based on the following principles:

- Minimize the impact of Treasure Island development on traffic on the San Francisco-Oakland Bay Bridge
- Create a dense, urban neighborhood clustered around a Transit Hub with streets and paths that favor walking and bicycling
- Provide high levels of transit service consisting of multiple modes of travel, serving key destination points off Treasure Island, operating at high frequencies, particularly during peak travel periods, and with fare structures that cost less to utilize transit than the private automobile
- Develop a comprehensive set of transportation demand management programs to encourage and facilitate transit use and discourage and minimize the impacts of private automobile use
- Mitigate private automobile use off-Islands through programs such as ramp metering, the physical and economic unbundling of residential parking from residential units, and congestion pricing and parking fee structures that can be adjusted to influence travel behavior
- Create a flexible institutional structure that can set parking and congestion pricing rates, enforce programs, monitor performance of the system, collect revenues, and direct generated revenues to public transit systems serving the Islands
- Establish a reliable source of funding for transportation services and programs serving the Islands

The draft Transportation Plan, a copy of which is attached as Exhibit I, describes a comprehensive strategy for moving goods and people within, on and off Treasure and Yerba Buena Islands in a manner that discourages automobile trips. The Transportation Plan outlines high level goals and objectives, estimates travel trips associated with the Development Plan, proposes transit services and infrastructure, and provides a conceptual foundation for measures and systems to ensure the viability of the Project and to maintain consistency with the commitment to create an environmentally sustainable community. Key elements of the Transportation Plan are summarized below.

# B. Dense Development Clustered Around a Ferry Quay and Intermodal Transit Hub.

Recognizing the importance of locating land uses immediately adjacent to key transit nodes, the proposed Land Use Plan clusters development most densely around a main Intermodal Transit Hub. A Ferry Quay and Intermodal Transit Hub are planned for the western side of Treasure Island. Under the proposed Land Use Plan, the residential units will be located within a

reasonable walking distance to the Ferry Quay/Transit Hub. Streets and pathways will be designed to give priority to bicycles and pedestrians.

#### C. Ferry Transit.

Ferry transit will be a key element for providing access to and from Treasure Island, as its schedule and performance are not affected by the status of traffic on the Bay Bridge. Initial ferry service is proposed between the Ferry Quay on the western shore of Treasure Island and the Ferry Building in San Francisco. The Transportation Plan contemplates frequent ferry service to and from the Ferry Quay from early morning through active evening hours. Future service to the East Bay from the east side of Treasure Island is a possibility. Based on a mutually agreed upon phasing plan for implementation of the Transportation Plan that will be set forth in the Transaction Documents (the "Transportation Phasing Plan"), TICD will fund the purchase of one ferry vessel and 20% of two additional ferry vessels, in addition to funding the construction of the Ferry Quay/Transit Hub. The Transportation Plan also identifies the possibility of water taxi service as a complement to ferry service. Water taxi service may be attractive for certain uses or visitors to Treasure Island, and it may be more cost effective for certain aspects of the Project.

#### D. Bus Service.

In addition to high quality and convenient ferry service from Treasure Island to San Francisco, the Ferry Quay/Transit Hub will provide high quality and convenient bus service to connect the Treasure and Yerba Buena Island communities to San Francisco, Oakland and the region. As discussed in the Transportation Plan, buses from San Francisco and the East Bay will arrive and depart from the Transit Hub, but are not planned to circulate around the Islands. Buses will provide frequent service to and from the San Francisco Transbay Terminal via the existing Muni route and a second location such as the Civic Center via a new route, and service to and from Oakland. To initiate AC Transit bus service, TICD will fund the purchase of AC Transit bus service, TICD will fund the purchase of AC Transit bus sense necessary for service to the Islands based on the Transportation Phasing Plan.

#### E. On-Island Shuttle Service.

The Transportation Plan also anticipates providing an on-island shuttle service. The shuttle routes will serve residential, commercial and open space areas on the Islands. Each of the routes will provide timed transfer connections to bus and ferry service. The shuttles will make frequent stops along each route to maximize passenger access and convenience. As part of the further development of the Transportation Plan for the DDA, shuttle routes differing by day and time will be explored to account for varying travel patterns and destinations on the Islands of residents and visitors. TICD will phase its purchase of the four shuttle buses in accordance with the Transportation Phasing Plan.

#### F. Discourage Private Auto Use.

The Transportation Plan proposes to discourage private automobile use through various means, including congestion pricing, ramp metering, parking policies and implementation of a Transportation Demand Management (TDM) Program.

1. Congestion Pricing, Congestion pricing will be imposed on residents during peak periods as a disincentive for automobile use, to increase competitiveness and attractiveness of transit, to mitigate the impact of generated trips, and as a source of subsidy funding for transit service. Although many of the details of the congestion pricing program are still to be developed, the program would levy a congestion pricing charge on residents as they leave and enter Treasure and Yerba Buena Islands by automobile during peak periods. Peak periods will be defined as part of the project specific environmental review process and the Transportation and Parking Management District discussed below will have the authority to adjust the times at which the congestion pricing charges would be collected. Congestion pricing charges would be collected.

using electronic techniques. The program will be monitored on a regular basis and changes will be made as required to meet the overall transportation program objectives.

- Ramp Metering. Ramp metering will be established at the entrances to the Bay Bridge from the Yerba Buena Island ramps and will operate during periods of congestion to manage ramp volumes. Ramp metering is flexible and can be adjusted easily to meet the objectives of the Transportation Plan.
- 3. Parking Policies. The Transportation Plan requires effective parking management to limit the supply of parking on the Property to the minimum level necessary for a financially viable project and to manage the demand for that parking. The main parking principles are (i) all parking will incur a charge, (ii) shared parking among uses will be incorporated to the maximum extent possible, (iii) supply is managed to affect overall use, (iv) parking regulations are enforced and monitored, (v) pricing is the mechanism for encouraging the use of other transportation modes, (vi) all residential parking will be unbundled from units, (vii) all parking ratios will be maximums rather than minimums, and (viii) an appropriate sign package for wayfinding, travel planning and real-time parking availability will be provided. This set of policies is intended to allow the use of automobiles by Island residents, but not to prioritize the automobile over other transportation modes.
  - a. Residential Off-Street Parking. Residential parking will be provided at the ratio of one space per residential unit. All residential parking for both for sale and rental units will be both financially and physically unbundled from the residential units that is, parking spaces will be sold or leased separate from the sales price or rent for residential units, and except to the extent provided for townhomes, single family residences, and similar residential structures pursuant to agreed-upon design solutions, the parking spaces will not be physically linked to the individual residential units. Depending on the location of a residential block and the distance from core transit services, parking either will be provided in parking structures that serve the surrounding neighborhood or parking storage areas in multiple locations near the central core of Treasure Island, requiring users of such remote parking facilities to walk to their automobiles or use an onisland shuttle.
  - b. Commercial and Retail Off-Street Parking. As outlined in the Transportation Plan, approximately 1,625 off-street parking spaces and on-street parking spaces are planned to serve the proposed commercial uses, the visitor-serving recreational uses, the uses in Buildings 1, 2 and 3, and the Marina. In addition, parking at hotels will be charged unbundled from the room rate. The specific parking provision ratios per type of use are provided in the Transportation Plan.
  - c. On-Street Parking. An additional 640 on-street parking spaces are planned throughout the streets of the Project. All on-street parking will incur a charge on an hourly basis with rates established to encourage short-term use and create a scenario where spaces are always available. Charges will apply from early morning to late evening to discourage residents from using on-street spaces, but a system enabling visitors of residents to park overnight will be identified.
  - d. <u>Parking for Affordable Units</u>. The Transaction Documents will include a mechanism that provides each Authority Unit and New TIHDI Unit with the opportunity to purchase (for ownership units) or rent (for rental units) a parking space at a discounted price determined under a pricing formula to be agreed upon by the parties in the Transaction Documents.
- Transportation Demand Management Programs. TICD will be required to implement a TDM Program to provide alternatives to private automobile use and ownership.

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The elements of the TDM Program will include (i) a travel coordinator, (ii) a bicycle library program, (iii) space for car share pods, possibly including incentive programs funded in a manner to be described in the DDA, (iv) guaranteed ride home for qualified individuals in an emergency, (v) ride share (e.g., carpool/van pool), (vi) a comprehensive transit pass built into the costs of market rate and inclusionary housing units that provides a dedicated annual stream of funding for transit services and transportation programs serving the Islands and makes transit more attractive by reducing "out of pocket" expenses for riders, and (vii) employee and visitor TDM programs. TICD will fund all capital facilities necessary for these TDM programs except to the extent such obligations are conveyed to the vertical developers.

### G. Transportation and Parking District.

TICD and the Authority believe that a key to establishing an effective transportation program is flexibility to (i) meet the needs of changing circumstances, (ii) alter costs and fee structures as necessary to achieve program objectives, and (iii) direct available resources to transit services to and from the Islands as needed so that necessary services are not cut if funds are not available. As such, TICD and the Authority believe that an independent Transportation and Parking District is the key to fulfilling these objectives. The parties intend to form an appropriate entity to (i) set and levy congestion pricing charges, (ii) enforce congestion pricing measures, (iii) monitor and amend congestion pricing charges to achieve the intent of the Transportation Plan, and (iv) collect the congestion pricing revenues that will then be used to pay for public transit facilities and equipment as well as ongoing transit and ride share operating costs on the Islands.

The City may form a separate parking district or other entity for the purpose of operating non-exclusive parking facilities and parking meters on the Property that are available for use by members of the public. The parking district would be responsible for setting and collecting fees and enforcing parking control measures. Parking revenues also would be used to pay for public transit facilities and equipment on the Islands as well as ongoing transit and ride share operating costs. Subject to applicable laws, all parking revenues generated from the Islands will be used only in accordance with the specific transportation uses described in the Transportation Plan.

The key to meeting the objectives of the Transportation Plan is ongoing monitoring and review to adjust charges or adjust the period of operation of congestion pricing and ramp metering. The monitoring will include travel demand monitoring, peak and off-peak monitoring and TDM monitoring. The transportation and parking management entities will be responsible for regulating and monitoring the Transportation Plan.

#### H. Reliable Source of Funding.

A reliable source of funding will be established for transportation services and programs so that the City's General Fund will not be negatively impacted if the costs of implementing the Transportation Plan exceed the revenues generated under the Transportation Plan. Consistent with the mandate that the Project be financially self-sufficient, revenues created under the Transportation Plan will be made available to fund transit services necessary to support the Project. Additional potential financing mechanisms, should they be needed, include allocating portions of the tax exempt financing for the Project to these services and developer subsidies. During negotiation of the Transaction Documents, the parties will select the appropriate financing mechanism(s) for the transportation services and programs and such financing mechanism(s) will be specifically described in the Transaction Documents.

#### VI. SUSTAINABILITY

### A. Overarching Core Principles.

The redevelopment of Treasure and Yerba Buena Islands presents a unique and historic opportunity to transform the Property into an environmentally and financially sustainable urban community. The process of designing and building a sustainable Project is an overarching core principle that will be integrated into all other aspects of the Project. The entire Project will have the goal of becoming a model of sustainability by exhibiting the concepts and practices of sustainable community development throughout the development process.

The Authority and TICD have expressed strong support for providing sustainable development practices at the Property, which will be integrated as part of the infrastructure and construction throughout the Project. A preliminary Sustainability Plan is attached as  $\underline{\text{Exhibit }}\underline{\text{K}}$ .

The current Sustainability Plan articulates a vision and key principles that guide the planning and development of the Project in a sustainable manner. From these key principles, high level goals have been agreed upon for 10 key focus areas, including: site design and land use; landscape and biodiversity; transportation; energy; water and wastewater; solid waste; materials; health, safety and security; community and society; and economic development. Specific strategies in each of the focus areas have been proposed to achieve the goals and principles envisioned for the Project, and targets and criteria have been set forth to measure the Project's achievement of the strategies and goals, subject to economic and technological feasibility.

The Authority and TICD will continue to work with the City's Department of the Environment and other relevant agencies to more fully develop the requirements for sustainable development that will be articulated in more detail as TICD and the Authority negotiate the final Transaction Documents.

### B. Sustainable Development Practices.

As the transaction and entitlement process continues, sustainable development practices will continue to be developed and refined. Two general areas of development will be considered through the lens of sustainable design practices. First, in connection with the horizontal development, implementation of sustainable development will have to be compatible with, and contingent upon, environmental regulatory direction, established land use covenants and specific geotechnical conditions. Second, in connection with the vertical development, each of the residential, open space/recreation, and commercial components of the Project will have its own unique sustainable features.

### C. Approach for Sustainable Neighborhood Development.

The Sustainability Plan describes the following principles and priorities for the creation of sustainable neighborhood development:

- Initiate an integrated design process to ensure coordination, synergy and cost savings across disciplines.
- Create sustainable site and hydrology by supporting and enhancing existing
  natural features, and instituting erosion and sedimentation control, stormwater
  management and innovative wastewater technology. This includes construction
  of a storm water treatment wetland.
- Create a network of connected open space, landscaping, park lands and natural
  areas that reduce site disturbance, use water efficient landscaping, minimize
  pesticide use through integrated pest management, encourage biological diversity,
  protect and restore existing natural habitat and wildlife, and provide recreational,

open space and educational opportunities for future Island residents, other San Franciscans and visitors from the region and beyond.

- Create a circulation and transportation system that includes pedestrian/bicycle
  oriented development, transit oriented development, and alternative fuel vehicles,
  discourages automobile use through parking capacity controls, congestion pricing
  and ramp metering, and promotes the use of public transportation and car-sharing
  (as more particularly described in Section V and Exhibit J).
- Create a compact development with the greatest density of uses within a 12-minute walk from a multi-modal transit hub, thereby preserving opportunities for creation of new open space and undeveloped areas. Such site design sensitively addresses brownfields issues, clusters development density into identified neighborhoods and zones, minimizes paved areas, implements a construction waste management plan including deconstruction of buildings with substantial recoverable materials, minimizes the need for development of infrastructure to serve new areas, and uses appropriate street alignment or width and development patterns to reduce shading and maximize solar energy potential for all buildings.
- Provide sufficient density, uses and activity to support neighborhood retail and services that enable the Islands to be self-sufficient.
- Require all new buildings to be constructed to performance specifications that achieve the equivalent of LEED sustainability standards.
- Require that the Project participate in the LEED for Neighborhood Development (LEED ND) program and target achieving the equivalent of a Platinum rating standard, the highest rating level that may be obtained for master planned development projects.
- Incorporate pest prevention as a design and maintenance objective for new residential buildings.
- Implement waste prevention and recycling measures designed to meet the City's solid waste diversion goal of achieving zero waste by 2020, as well as achieving a Treasure Island goal of directing 100 percent of organic waste to be composted on site.
- Minimize the Property's electricity demand by reducing energy consumption with targets of buildings that exceed Title 24 by-20 percent and reducing energy demand for the overall development by 40 percent over typical development practices. Construction of a central heating and cooling plant serving the dense urban core of Treasure Island is a key component.
- Maximize the generation of onsite power generation, primarily via solar resources
  as well as exploring opportunities for wind power. The Project will provide that
  a minimum of 5 percent of total energy demand will be created through on-site
  renewable sources, but the ultimate goal for the Project is to generate more power
  on-site via renewable sources than the Islands consume, which will require
  strategic partnerships with public and private partners.
- Establish a recycled water element of the wastewater treatment system that reuses
   25 percent of wastewater for irrigation and other appropriate uses.
- Establish targets for sourcing construction materials via recycled content, from local sources and wood from responsible harvesters.

 Implement comprehensive affordable housing, jobs, economic development and community facility plans as discussed in the pertinent sections of this Development Plan and associated exhibits.

### D. Key and Strategic Partnerships.

Delivering a sustainable vision for the Islands will be a collaborative effort involving many public, private and non-profit partners. From the Department of the Environment to the San Francisco Public Utilities Commission to the Bay Area Water Transit Authority to private industry to the Island residents and visitors and more, many partners will need to contribute to realizing the long term goals for the redevelopment. Many of the targets that are proposed for the Project are minimum standards that will require implementation by TICD and funding via the Project to the extent that they are economically and technologically feasible. However, many of the high level goals and strategies, such as generating more energy via on-island, renewable sources than the Islands consume will require significant commitment, partnership and investment with parties who can fund improvements for which it is neither feasible nor appropriate for the Project to fund.

### VII. HOUSING PLAN

### A. Overall Housing Program.

The development plans for Treasure Island include approximately 6,000 homes. These homes will consist of a range of unit types and sizes, will provide a range of affordability levels and will be located in a variety of building structure types. The total number of housing units includes 30% affordable at a spectrum of income levels and 70% market rate units.

- 1. <u>Family Housing</u>. It is a goal of the City, the Authority, TICD and TIHDI to promote the future Treasure Island and Yerba Buena Island community as a place for families and children. The Mayor's Policy Council on Children, Youth and Families (the "Policy Council") has prepared draft recommendations for family-friendly housing and neighborhoods that are applicable to the Islands. These include the following elements:
  - a. New Neighborhood Plans Provide a Minimum of 20% of Family Friendly Housing. It is currently estimated that at least 30% of all housing units created by TICD will be appropriately sized for families. The current citywide average is 15% for new housing construction.
  - b. <u>Make Family Friendly Housing Affordable</u>. As described in more detail below, 30% of all housing units on the Islands will be affordable at a range of income levels. The Authority and TIHDI will have the authority to prioritize family housing for affordable housing units controlled by the Authority and TIHDI, respectively (approximately 1,058 units).
  - c. Provide Amenities that Serve the Needs of Families with Children. The development plans include a spectrum of facilities and amenities, as described in the Community Facilities Plan, which will make the Islands an attractive community for families. Specific elements that are identified in the Policy Council's draft recommendations and planned for the Islands include a school, child care, outdoor play spaces for all ages, community rooms, public transit, neighborhood serving retail, neighborhood library/reading room, and community center, all within walking distance of housing units. In addition, the DDA will identify residential units sized to support home-based child care operations.
- Tenure Mix. Upon the completion of residential development, both market rate and affordable, it is estimated that approximately 27% of all housing units will be rental and approximately 73% of all housing units will be for sale. The privately-developed, market-rate

housing program will feature a mix of rental and ownership units with approximately 15% rental and approximately 85% for-sale upon the completion of the final phase of vertical residential development. TICD will have flexibility to respond to market conditions by adjusting the tenure mix in the early phases so long as (i) the percentage of market rate rental units never falls below 10%, (ii) at all times there are sufficient rental units to accommodate the existing tenant households of the Islands, and (iii) the Project achieves the 15% market rate rental requirement for the entire Project by the end of the final vertical residential phase for market rate units, unless TICD can demonstrate to the Authority's reasonable satisfaction that it is not financially feasible to develop such market rate rental units based on a minimum residual land value target price to be established in the DDA. Notwithstanding the foregoing, so long as TICD delivers the applicable Developable Pads to TIHDI or the Authority and is otherwise in compliance with its obligations regarding affordable housing set forth in the DDA, if the tenure mix falls below the minimum requirements set forth herein at any time due to TIHDI's or the Authority's failure to construct affordable units, TICD shall not be prevented from proceeding with further market-rate residential development.

3. <u>Building Types</u>. A range of residential building types, both market rate and affordable, are proposed for Treasure Island and are more specifically described and illustrated in the Land Use Plan. In accordance with construction standards required by varying building heights, the buildings have been defined for these purposes as low-rise (buildings 65 feet and lower), mid-rise (buildings above 65 feet and less than 240 feet), and high-rise (buildings 240 feet and above). Approximately 50% of all of the housing units will be in low-rise buildings, 35% in mid-rise buildings and 15% in high-rise buildings.

#### B. Affordable Housing Program.

The redevelopment of the Islands will provide a Project contribution (consisting of private funding and tax exempt funding sources generated on the Islands) of approximately \$406 million for the construction of 1,800 new affordable housing units on the Islands for the benefit of San Francisco.

- 1. Percentage of Affordable Housing. Upon the completion of residential development on the Islands, approximately 1,800 units, or 30 % of all housing units, will be affordable to very-low, low- and moderate-income residents and at least 6% (included in the 30%) will be affordable to very-low income residents. "Affordable" is as defined in Section VII.B.2.c below. Current San Francisco Median Income levels are shown on Exhibit L.1, attached hereto.
- 2. Types and Levels of Affordable Housing. It is an express goal to provide housing affordable to a spectrum of household incomes and household types (e.g., families, seniors, singles, formerly homeless). To fulfill this goal, there will be three principal providers of affordable housing on the Property: (i) the Authority, (ii) TIHDI, and (iii) private market-rate vertical developers, including TICD and its affiliates, through applicable "inclusionary housing" requirements, as described in this Section.
  - a. TIHDI Units. TIHDI will develop and operate, or cause to be developed and operated, approximately 435 affordable units (the "New TIHDI Units") (an increase from TIHDI's current occupied unit count of 196 units, which will become 250 units on July 1, 2007 via an agreement between the Authority and TIHDI). As part of the horizontal development, TICD will provide Developable Pads for all of the New TIHDI Units as contemplated in the TIHDI Agreement. In addition, 275 New TIHDI Units will receive subsidy from the Project for construction, as set forth in Section VII.B.7 below. The Authority and TIHDI will determine in their sole and absolute discretion the tenure split, affordability and any other matters related to the New TIHDI Units, but in no event

shall affordability levels exceed those applicable to Inclusionary Units, as set forth below, unless agreed to by the parties.

- b. Authority Units. The Authority will develop and operate, or cause to be developed and operated, approximately 623 units (the "Authority Units"). As part of the horizontal development, TICD will provide Developable Pads for all of the Authority Units and all of the Authority Units will receive subsidy from the Project, as set forth in Section VII.B.7 below. The Authority will determine in its sole and absolute discretion the tenure split, affordability levels exceed those applicable to Inclusionary Units, but in no event will affordability levels exceed those applicable to Inclusionary Units, as set forth below, except as agreed to by the parties. The Authority will use the Authority Units to implement affordable housing policy goals related to tenure mix, affordability levels and household type within the context of the overall affordable housing program.
- c. Inclusionary Units, TICD and its affiliates and other third-party vertical developers will develop approximately 742 "Inclusionary Units" (representing 15% of the total of all privately-developed units) as development proceeds. Rental Inclusionary Units will be priced for households earning no more than 60% of San Francisco Median Income (SFMI) for San Francisco County as published by the San Francisco Mayor's Office of Housing annually (\$54,700 for a four-person household in 2006). For sale Inclusionary Units will be priced for households earning no more than 100% of SFMI (\$91,200 for a four-person household in 2006). Exhibit L.1 shows the current price levels of affordable units based on SFMI levels and household size for rental and for-sale homes. The DDA will include applicable procedures for review and approval by the Authority and the Mayor's Office of Housing of the size, type and location of Inclusionary Units in accordance with specific agreed upon standards.
- d. <u>Maximum Feasible Affordability</u>. A primary goal of the Housing Plan is to provide housing units at the maximum feasible affordability level in order to serve households not otherwise served by the market rate housing units.
- e. <u>Preliminary Estimates</u>. Final numbers of affordable housing units to be constructed may change during negotiation of the Transaction Documents. The numbers presented here represent the parties' current analysis of the pro forma and transaction structure, and are subject to change; the percentage requirements, however, are not subject to change.
- California Community Redevelopment Law Requirements. The Project will
  meet or exceed all of the affordable housing requirements under California Community
  Redevelopment Law ("CRL") and specifically will assure the following:
  - a. Housing Production Requirement. The Project will exceed the CRL housing production requirement that 15% of all newly constructed units be affordable to very-low, low- and moderate-income residents. Through the construction of the New TIHDI Units and the Authority Units, the Project will exceed the CRL housing production requirement that 6% of all newly constructed units will be affordable to very low-income households at 50% of AMI.
  - b. <u>Deed Restrictions</u>. The Authority will record deed restrictions on all affordable housing units requiring that these units will be affordable to designated households by income level at the affordable housing cost specified in the CRL for the longest feasible time and not less than 55 years for the rental units and 45 years for the ownership (for-sale) units. The Authority may employ a wide variety of techniques to assure long term affordability for the ownership units, including resale to qualified buyers

at the same income levels, second deeds of trust, promissory notes for the difference between the fair market value and the restricted value, the Authority right of first refusal, recorded Notice of Special Restrictions, and recapture of shared appreciation.

- c. Tax Increment. As the Authority was formed for the sole purpose of assisting the redevelopment of Treasure Island and Yerba Buena Island, under the CRL, the Authority will set aside at least 20% of all tax increment generated from the Project for the sole purpose of improving, preserving and/or producing affordable housing on Treasure Island and Yerba Buena Island. This assumption is reflected in the Affordable Housing Financing and Subsidy Plan attached as Exhibit L.2.
- 4. Phasing of Affordable Housing. The construction of new units of affordable housing will be phased in proportionately with the construction of new market-rate units. A schedule for the current phasing assumptions reflected in the current pro forma is attached as Exhibit L.3. Upon completion of all vertical residential improvements within each Major Phase. approximately 30% (the percentage of affordable units as of July 1, 2007) of all residential units on the Island (including the existing housing units) will be affordable units. Phasing will depend on a number of factors, including the most efficient means for constructing the backbone infrastructure. A final phasing plan will be included as part of the DDA, but for now, for illustrative and pro-forma modeling purposes only, such phasing could proceed as outlined on Exhibit L.3. This phasing schedule shows the scheduled delivery of Developable Pads, not the availability of units for occupancy (with the exception of the existing TIHDI units). As such, the numbers below reflect that TIHDI sites will temporarily exceed final totals as New TIHDI Units are being built prior to the demolition of existing units. Deconstruction of the existing TIHDI units will not occur until new TIHDI Units are available. TIHDI will be obligated to operate on a mutually agreed upon performance schedule for construction of new units consistent with the Phasing Plan for the overall Project. So long as TICD delivers the applicable Developable Pads to TIHDI in accordance with the DDA and is otherwise in compliance with its obligations regarding affordable housing set forth in the DDA, TICD's ability to proceed with further market-rate development will not be affected by any failure by the Authority or TIHDI to construct their applicable share of affordable housing units.
- 5. <u>Location, Distribution and Design of Units</u>. Affordable units will be generally distributed throughout the various areas designated for residential use and across a variety of product types. The Inclusionary Units will intermix with the market rate units and will be indistinguishable in exterior appearance from the market rate units. The Authority will retain authority to allow flexibility in providing Inclusionary Units in certain building types as a means of achieving overall financial feasibility of the Project, but in no case will the number of Inclusionary Units be reduced from the requirement for 15% of all privately-constructed market rate housing units. The Inclusionary Units will be substantially similar in size, type, basic interior finishes and common area amenities as the market rate units unless otherwise agreed to by the Authority.
- 6. Other Programs. TICD will coordinate with appropriate agencies and financial institutions to provide qualified home buyers with access to down payment assistance, first-time buyer financing programs (from such entities as Fannie Mae, Federal Home Loan Bank, etc.) and homeownership counseling services as needed.
- 7. <u>Subsidies and Financing</u>. Per direction from the Authority Board and as set forth in the RFP, in order for units to be "counted" as affordable, the Project must include an overall financing/subsidy plan that demonstrates that the ultimate construction of such units is in fact feasible. The proposed financing plan prepared jointly by the Authority, TIHDI and TICD, involves a variety of private and tax-exempt funding sources to accomplish this goal, including a substantial developer subsidy, debt supported by rents, Redevelopment Tax Increment financing

and Housing Set-Aside financing, Low Income Housing Tax Credit proceeds, and Housing Impact Fees, as shown on <a href="Exhibit L.2">Exhibit L.2</a>, attached hereto. Currently, it is estimated that the Project will provide approximately \$406 million from Project generated sources (tax-exempt and private financing and housing impact fees) to construct the affordable housing units. This consists of the following elements:

- a. <u>Island-wide Infrastructure Component.</u> As part of the Project's contribution to the affordable housing program, the Project will fund and TICD will provide infrastructure to the Developable Pads, as defined in this Development Plan, at no cost to the affordable housing developers. This contribution to affordable housing is projected to total \$158 million and will be funded through the Project as identified above.
- b. Subsidy for Vertical Construction of TIHDI and TIDA Units. The Project will contribute approximately \$117 million in funds for the construction of vertical buildings containing New TIHDI Units and Authority Units. This contribution consists of two components: (1) approximately \$76 million in project-generated landscreed tax-exempt financing and housing impact fees, and (2) approximately \$41 million in direct subsidy from TICD.
- c. <u>Vertical Construction of Inclusionary Units.</u> TICD and other third party market rate residential builders will construct 15 percent of all market rate units as affordable Inclusionary Units as described in Section VII.B.3.c. The projected contribution to affordable housing through construction of these units is approximately \$131 million.

As with other elements of this Development Plan, the final amounts of the various public and private funding sources shown on Exhibit L.2 are subject to change. The direct subsidy to be provided from TICD for the New TIHDI Units and the Authority Units will be negotiated as part of the DDA and will be fixed according to a payment schedule to be included in the DDA.

## C. Transition Plan for Existing Market Rate Units

1. Existing Housing. There are approximately 1,000 existing dwelling units on Treasure Island and Yerba Buena Island, of which approximately 819 are currently available for occupancy ("Existing Housing"). Approximately 819 tenant households occupy the Existing Housing, with approximately 623 tenant households occupying market rate rental units through leases with the John Stewart Company ("JSCo") (the "Market Rate Units") and another 196 tenant households occupying units managed by members of TIHDI (the "TIHDI Units"). In July 2007, 54 Market Rate Units will be transitioned to the TIHDI portfolio, resulting in a total of 569 Market Rate Units and 250 TIHDI Units.

Development plans for the Project have always assumed the continued occupation of the Existing Housing on the Islands throughout the early phases of construction, which will include environmental remediation, geotechnical stabilization, infrastructure improvement, and the development of new housing and commercial services. The Authority and TICD expect that Market Rate Units will continue to be managed by either the JSCo or another housing management company to be determined jointly between the Authority and TICD.

The transition of residents of TIHDI Units will be determined by TIHDI, working in collaboration with the Authority and TICD. It is expected that, as with the existing Market Rate Units, TIHDI residents will be transitioned to new units after those New TIHDI Units have been constructed, after which existing TIHDI Units will be demolished.

2. Existing Households. All existing tenants on a single lease occupying a Market Rate Unit on Treasure Island or Yerba Buena Island at the time TICD enters into the

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Transaction Documents (the "Qualifying Date") are considered "Existing Households" and will be provided an option to buy or rent a new home on Treasure Island or Yerba Buena Island and will have access to relocation resources provided by TICD and other government agencies, provided their lease is active and in good standing on the Qualifying Date and they continue to maintain their lease in good standing thereafter. Relocation assistance will be provided under applicable law.

Tenants who begin their occupancy of the Existing Housing units after the Qualifying Date will be notified of the development plans and project schedule as they are negotiating their leases, including the planned deconstruction of the Existing Housing units. These tenants will not be given priority for the selection of new housing units on Treasure Island or Yerba Buena Island, nor will they be given priority for access to affordable units on the Islands.

3. Allocation Process. No later than six months after the Qualifying Date, TICD will contact all Existing Households to assess the needs of the residents and appropriately match them with housing opportunities and homeownership assistance programs. The survey will include questions regarding the size of their current housing unit (bedrooms/bathrooms), current rent, household income, and whether the Existing Household would prefer information on market rate rental, market-rate for-sale, affordable rental, or affordable for-sale options. "Affordable", as referenced in this Section, is defined by San Francisco Median Income levels as outlined in Exhibit L.1. Responses to this survey will help determine: (i) how many Existing Households may be interested in new for-sale homes on Treasure Island and Yerba Buena Island, and, of those, how many may qualify for affordable housing opportunities; (ii) how many may be interested in new Treasure Island or Yerba Buena Island rental opportunities and, of those, how many may qualify for affordable rental units; and, (iii) how many prefer to relocate somewhere other than Treasure Island and Yerba Buena Island.

TICD and the Authority will establish a system that ensures that all Existing Households have access to acquire one of the new for-sale or lease a for-rent home to be built on the Islands through a system that fairly allocates those homes. For purposes of this Development Plan, this allocation housing system will be referred to as a "Lottery" program. Mechanisms to ensure fairness and that recognize the status of Existing Households will be developed and will result in a Lottery program that accounts for all of the following categories of housing units:

- Affordable Rental Units
- Affordable For Sale Units
- Market Rate Rental Units
- Market Rate For Sale Units

Details of the Lottery will be more fully developed in the Transaction Documents, but the general framework will be as follows. To be eligible for the Lottery, Existing Households must register with TICD and must declare the type of unit and the number of bedrooms they are interested in (e.g., market-rate for-sale or rent, or affordable for-sale or rent). As units become available, a Lottery will be held among the Existing Households who have registered for those particular unit types. If an Existing Household selected in the Lottery declines their option to acquire or lease an available unit, they will not be allowed to participate in any subsequent Lottery. If there are more Existing Households who qualify for the Lottery than there are specific units available in a particular Lottery, any Existing Household who is not selected in that Lottery may participate in a subsequent Lottery for units. This process will be

repeated until all Existing Households have been afforded the opportunity to transition to a new unit.

4. Homebuyer Assistance. TICD will coordinate and provide information on new homebuyer's assistance plans which may provide Existing Households with access to down payment assistance, first-time buyer financing programs and homeownership counseling services. These Treasure Island-specific services will be offered to Existing Households interested in either market rate or affordable homes and to any other qualified potential Treasure Island or Yerba Buena Island resident.

First-time home buyer's assistance will include:

- Buyer Financing Programs. This could take the form of developing a
  partnership with a reputable mortgage company that can provide
  qualified buyers with the ability to purchase a home with zero- or lowdown payment options. Additionally, these programs allow first time
  home buyers to have a choice of financial lenders who provide loans to
  low and moderate income first time home buyers.
- Homeownership Counseling. Homeownership counseling has proven to be an important part of large scale home ownership developments. Currently, San Francisco contracts with several reputable firms to provide these services.

TICD will undertake outreach efforts directed at Existing Households to ensure that they are aware of the homeownership opportunities that are being created at Treasure Island and Yerba Buena Island well in advance of homes coming to market so that they will have an opportunity to pre-qualify for home sales. A marketing plan will be developed to maximize the effectiveness of the outreach program.

5. Community Meetings and On-Island Resources. Community Meetings will be held in the months prior to and during transition to provide regular updates regarding the tentative and actual schedules for deconstruction of existing units and construction of new units, details regarding the Lottery program and access to relevant information and resources to assist in the process. All Community Meetings will be held on Treasure Island and notices of the meetings will be sent to all Island residents of the Existing Housing.

TICD will also create an "On-Island Resource Center" that will provide residents of existing housing with the resources necessary to learn about and access new housing opportunities on Treasure Island and Yerba Buena Island as they become available. Information notifying residents of the On-Island Resource Center will be provided to all current residents of the Islands. The Center will include:

- Access to housing database for new market rate and below-market rate units available to Qualified Transitioning Households.
- Contacts with appropriate property management personnel serving the Treasure Island community.
- Referrals to governmental and non-governmental housing assistance agencies, including home ownership assistance programs.
- 6. <u>Construction Mitigation Measures</u>. The DDA and the Vertical DDAs will require TICD and the vertical developers to comply with construction mitigation measures,

including those required by the EIR, to address the Project's construction impacts on the existing residents and the environment.

#### VIII. JOBS AND EQUAL OPPORTUNITY PROGRAM

## A. Jobs and Equal Opportunity Program.

The Project will provide a tremendous variety of community benefits for residents and visitors of the Property, San Francisco and the entire Bay Area region. Many of the benefits, such as rebuilding the infrastructure, creating affordable housing opportunities, adding approximately 300 acres of public and open space and recreational uses, and providing a wide array of community facilities, are described elsewhere in this Development Plan. This Section describes the economic development opportunities that the Project will provide.

Jobs creation and equal opportunity contracting opportunities in all areas of employment are an essential part of the redevelopment of the Property. It is anticipated that the Project at final buildout and completion will create thousands of construction and permanent jobs, and that the planning, design and construction work will provide substantial contracting opportunities for local contractors and professional service firms as well as the countless businesses, employers and organizations who continue to perform enterprises on the Islands. It is in the best interests of the Project and the City that a portion of the jobs and contracting opportunities be directed, to the extent possible based on the type of work required and consistent with collective bargaining agreements, to local, small and economically disadvantaged companies and individuals whenever there is a qualified candidate. The Jobs and Equal Opportunity Program described below identifies goals for achieving this objective and outlines certain measures that will be undertaken in order to ensure that these goals and objectives are successfully met.

TICD, TIHDI and the Authority have formulated a Jobs and Equal Opportunity Program (the "Jobs and Equal Opportunity Program"), which is attached hereto as <a href="Exhibit M.">Exhibit M.</a>. The Jobs and Equal Opportunity Program addresses the following issues:

- Creating new construction and permanent employment opportunities (including but not limited to retail, maintenance, administrative and clerical positions, and para-professional jobs), goals for directing those jobs to priority groups, and a job broker program to facilitate and prepare linking the priority groups to the jobs.
- Creating professional services contracting, construction and other long-term employment opportunities for local San Francisco contractors and their employees.
- Creating economic development opportunities and related support for TIHDI residents and member organizations.

## B. TIHDI Agreement.

Some of the key elements of the Jobs and Equal Opportunity Program are derived from the TIHDI Agreement described in Section VIII.B.1 below. Other key elements are derived from other relevant City ordinances and policies. The Jobs and Equal Opportunity Program integrates certain elements of the TIHDI Agreement with other existing City programs that provide similar or complimentary functions, including the City's new CityBuild program, as well as already mandated, established hiring programs including First Source Hiring, Section 3 Plus, Seismic Loan Employment Program, and Human Rights Commission requirements.

Components of the TIHDI Agreement. The TIHDI Agreement includes three
main components: an Economic Development and Support Facilities Component, an
Employment Component and a Support Component. The Economic Development and Support
Facilities Component serves to create revenue-generating opportunities for TIHDI's member

organizations and work opportunities on the Property for formerly Homeless and Economically Disadvantaged Persons, as those terms are defined in the TIHDI Agreement. The Employment Component serves to establish a long-term employment policy for the Property by requiring future developers, construction employers, long-term lessees and other employers to comply with First Source Hiring and other existing hiring plan goals and requirements (e.g., Human Rights Commission, Seismic Retrofit Employment Program, Section 3 Plus), and make good faith efforts to meet certain goals for employing formerly Homeless and Economically Disadvantaged Persons, as those terms are defined in the TIHDI Agreement. The Support Component provides for administrative and operational funding to TIHDI, including tax increment financing to TIHDI member organizations that provide homeless housing and related services at the Property and funding for the TIHDI Job Broker Program. A copy of the TIHDI Agreement is attached as Exhibit O.

2. Implementation of TIHDI Agreement. Substantial portions of the TIHDI Agreement already have been implemented. For example, the Authority (i) subleases 196 units of housing for use by TIHDI member agencies to provide housing to homeless people, (ii) requires island employers to develop hiring plans to fulfill employment objectives, (iii) refers employers to the TIHDI Job Broker to meet island hiring goals, (iv) subleases the existing childcare center to a TIHDI member agency, and (v) contracts with TIHDI member agencies for janitorial and landscaping services.

Each of the components of the TIHDI Agreement is reflected in the Jobs and Equal Opportunity Program, with the exception of some portions of the Support Component that are reflected in either the Affordable Housing Plan or in the Fiscal Impacts Analysis (described in Section XI.B.2 below). The Jobs and Equal Opportunity Program is intended to incorporate the terms of the TIHDI Agreement, except as mutually agreed by the parties in the future (as set forth in this Section). It is the intent of the parties that each of the TIHDI Agreement components will be implemented through the DDA and its exhibits. Any proposed modifications to the TIHDI Agreement, as incorporated in the DDA and any related Transaction Documents, will be subject to the mutual consent of the Authority, TIHDI and TICD.

### IX. EMERGENCY SUPPORT PLAN

#### A. Emergency Support Plan.

Attached hereto as  $\underline{Exhibit N}$  is an Emergency Support Plan that describes the physical improvements to prepare the Islands for development, and emergency preparedness and operations measures and plans.

### B. Infrastructure Improvements.

As outlined in the Infrastructure Plan, a key element of addressing the emergency preparedness needs of the Islands are the extensive geotechnical and infrastructure improvements that will be conducted during the first phase of the construction program. The geotechnical work includes stabilization of the entire perimeter of Treasure Island, which will be completed as part of the first phase of horizontal development, reinforcement of the northwestern corner of Treasure Island, stabilization of the causeway connecting Treasure and Yerba Buena Islands, and retrofitting of the viaduct structure along Treasure Island Road connecting Treasure Island to the Bay Bridge. Building One will be seismically reinforced to current standards. The Great White structures on Yerba Buena Island and Building Two and Building Three also will be seismically reinforced to current standards in connection with an economically feasible adaptive reuse. All new structures will be built to meet the highest standards, including the use of pile foundations for buildings as necessary. Because access is a key element of emergency planning, the new Ferry Quay and hardened causeway will provide enhanced emergency access off the Island.

### C. City-Wide Emergency Response Plan

The Office of Emergency Services and Homeland Security ("OES/HS") is developing a City-wide Emergency Response Plan and Treasure and Yerba Buena Islands are included in the plan. TICD will work with the Authority, OES/HS, the San Francisco Police Department, the San Francisco Fire Department, the San Francisco Bay Area Water Transit Authority, and the U.S. Coast Guard to update the Emergency Response Plan first, for the transitional stages of the Project, and later, for full buildout. It is expected that OES/HS will be the lead agency overseeing emergency preparedness and response.

The OES/HS Emergency Response Plan will include protocols for residents, businesses and visitors in the event of a fire, earthquake, tsunami, hazardous materials release, power outage, bomb threat or other disaster. The OES/HS Plan also will include protocols for the emergency evacuation of the Islands in the event of an emergency and other matters that are described in more detail in the Emergency Support Plan attached hereto as Exhibit N.

#### X. COMMUNITY FACILITIES

### A. Community Facilities Plan.

The Authority and TICD recognize that the successful creation of a vibrant residential and visitor community on Treasure and Yerba Buena Islands requires facilities that support the operations and services that will be provided to the community. TICD's demographics study, a copy of which is attached as Exhibit P, estimates that the population of Treasure and Yerba Buena Islands at completion of the Project will be approximately 10,000 to 15,000 residents, 2,000 to 3,000 workers and tens of thousands of visitors annually. The community facilities necessary to support this population include community spaces, community services and amenities, and educational and recreational facilities. The Community Facilities Inan, a copy of which is attached as Exhibit Q, describes the wide array of community facilities that will be part of the Project. Locations of these facilities will be described further in connection with completion of the Transaction Documents.

#### B. Guiding Principles.

The guiding principles of the Community Facilities Plan are as follows:

- The Project will provide facilities to support the range of ages, household types
  and incomes of residents of the Islands, with a particular emphasis on providing
  the necessary amenities to attract and retain families.
- Existing community facilities will be retained until alternative locations or replacement sites are established, as outlined in the Phasing Plan.
- Daycare and programmed community rooms (e.g., youth and seniors centers or reading rooms) will be phased in at points that support the population and household mix for each phase of the Project. In locating these sites, the following principles will guide planning:
  - TICD and the Authority will work with the appropriate City departments during and after negotiation of the Transaction Documents to conduct a needs analysis for the amount of space, types of facilities and locations required to serve the needs of children, teenagers and seniors on the Islands.
  - TICD and the Authority will work with the San Francisco Unified School
    District to reintegrate the existing Treasure Island School into the
    community at a phase appropriate to support the Islands' child population.

 Infrastructure and public facilities will be phased with new development and provide continuous, reliable service to existing residents and businesses.

### C. Public Safety and Operations Facilities.

The following new facilities that are essential for public safety, emergency services and operations of the Property will be provided onsite.

- Police and Fire Station. TICD will construct a new joint-use police and fire station to provide service to both Treasure Island and Yerba Buena Island. This facility may be a combined police and fire station and the details of the facility will be developed in consultation with the San Francisco Police and Fire Departments. The facility will be sized and located to maximize service to all residents, visitors and employees of the Islands.
- 2. Wastewater and Recycled Water Treatment Facility. As outlined in the Infrastructure Plan, a new wastewater and recycled water treatment facility will be constructed on the Property. The Authority and TICD will explore means of publicly or privately financing the construction of the wastewater treatment facility based on revenues generated from the facility itself such that the Project would not fund capital construction or operation costs of the facility.
- 3. Park Maintenance Area/Corporation Yard. A Developable Pad for a park maintenance area/corporation yard will be provided adjacent or proximate to the water treatment facility. The area will provide vehicle and service space to support operations, including utilities, roads maintenance and cleaning, transportation operations, recycling center and open space maintenance requirements serving the entire Islands.
- 4. <u>Stormwater Treatment Wetlands</u>. Stormwater treatment wetlands will be constructed to handle stormwater runoff on Treasure Island. Interim measures may be implemented to handle initial phases of construction.

#### D. Community Facilities.

In addition to facilities for public safety and island operations, the Authority and TICD recognize that that following physical spaces and structures, which are described in more detail in the Community Facilities Plan, are critical to support the creation of a vibrant community:

- 1. <u>Building 1</u>. TICD's baseline horizontal improvement obligations under the DDA will include the adaptive reuse and preservation of Building One in a manner that is consistent with the Secretary's Standards. Building One will serve as the "gateway" to Treasure Island and also serve as the primary community and operational center for this new neighborhood. Uses furthering this goal may include a "welcome center" for visitors to the Islands, a main community center/meeting space, and a Treasure Island Museum, providing historical exhibits and artifacts from the Islands' history with the Golden Gate International Exposition and as a United States Naval Station. Building One may also house the offices of the Authority, TIHDI, TIHDI's Job Broker and the transportation coordinator for the TDM Program and, during the phased sales and marketing period for the new residential units, Building One may serve as the "sales center" for the residential development on the Islands.
- 2. Additional Community Spaces. The Project also will provide nine approximately 1,500 square foot spaces within the vertical development for community-serving uses to be identified in the DDA. Such uses may include senior/adult and youth facilities, neighborhood library/reading rooms and/or community meeting rooms, as more particularly described in Section X.E.2 below. The DDA may allow for fewer but larger spaces so long as the aggregate amount does not exceed 13,500 square feet. For every square foot of community space provided up to 13,500 sq. ft., TICD shall provide, or require the vertical developer to provide, an allowance for tenant improvements of \$35/so. ft., as adjusted for inflation.

- 3. Community Services and Amenities. The Community Facilities Plan proposes community services and amenities such as (i) the neighborhood mixed use core, located between the Ferry Quay and Clipper Cove, that is anticipated to include neighborhood serving retail uses for island residents and visitors, including a grocery store sized to serve the anticipated needs of the Islands (and sited to allow for expansion opportunity), and ancillary retail uses such as drycleaner, video rental, etc.; (ii) a community information kiosk located in the neighborhood mixed use core, containing community information and a posting board, (iii) a central bicycle storage facility located in Building One or elsewhere near the Ferry Quay/Transit Hub; (iv) health and wellness facilities; and (v) community gardens for edible and non-edible plantings as part of the park and open space system.
- 4. Educational and Cultural Facilities. The Islands may contain several childcare, cultural and educational facilities to serve residents, employees and visitors. These facilities include (i) a school that is estimated to serve the Islands' child population, though much more information and analysis is necessary working in conjunction with the San Francisco Unified School District; (ii) the Delancey Street Life Learning Academy, an approximately 60student charter high school of the San Francisco Unified School District, which is expected to remain so long as its occupancy is not prohibited under the Tidelands Trust; (iii) childcare space appropriate to serve the resident and employee populations at the Property, either in a single facility serving all of the Property or in multiple facilities dispersed on the Property; (iv) a privately-held non-profit environmental education center located proximate to the water treatment plant, stormwater treatment wetlands and urban demonstration farm garden and providing space for educational programs and exhibits related to sustainable practices on the Property: and (vi) space for an art/sculpture park on the western shoreline of Treasure Island that will serve as an educational and cultural amenity, with both permanent and temporary installations, possibly including an environmental art component consistent with the overall theme of sustainability on the Property.
- 5. <u>Recreational Facilities</u>. A wide array of recreational facilities and opportunities will be provided on the Property for all ages of residents, employees and visitors, as described in Section II.A.2.

## E. TICD's Obligation for Community Facilities.

TICD will be required to provide certain community facilities as part of the horizontal development under the DDA. As described below, TICD will be required to construct some of the community facilities. For other community facilities, TICD will be providing space or Developable Pads.

- TICD Constructed Facilities. TICD will be required to construct the following community facilities on land that will be retained by the Authority and/or transferred to the City:
  - · Stormwater treatment wetlands.
  - Joint use police and fire station.
  - Building One renovation.
- 2. <u>TICD Provided Space for Facilities</u>. TICD will provide, or cause the vertical developers to provide, appropriate space for the following community facilities:
  - Offices for the Authority, TIHDI, TIHDI's Job Broker and the transportation coordinator for the TDM Program.
  - Treasure Island Museum in a portion of Building One.
  - · Childcare facilities.

- Neighborhood community rooms (as described in Section X.D.2 above), up to an
  aggregate total of 13,500 square feet, currently sized at nine 1,500 square foot
  rooms, with a tenant improvement allowance for build-out at \$35/sq. ft.
- 3. <u>TICD Provided Developable Pads for Facilities</u>. TICD will deliver Developable Pads for the following key community services and programs:
  - · Treasure Island Sailing Center.
  - Environmental Education Center.
  - Community Gardens, which will be included within the park system.
  - · Park Maintenance Area/Corporation Yard.
  - Space made available for the construction of a new wastewater and recycled water treatment facility at the same or proximate location as the existing facility.

### F. Opportunities For Job Corps Integration.

The 36-acre federal Department of Labor Job Corps campus that is situated in the middle of Treasure Island provides both a planning challenge and an opportunity. Current and former Job Corps directors have expressed interest in Job Corps being linked physically, programmatically and functionally into the current and future Treasure Island development and community. Job Corps will benefit from new development in the form of new and reliable backbone utility infrastructure, improved transit operations, access to increased open space, educational and cultural amenities, environmental sustainability measures and practices and improved fire and police service. In addition to potential linkages between job training and placement programs at Treasure Island and citywide, there is an opportunity to physically link the campus to the surrounding master development. While these opportunities need to be explored at the appropriate federal levels, there may be opportunities for use of Job Corps facilities for the larger Islands community. Some of these opportunities might include:

- Exploration of the possibility of including the Job Corps recreational fields as part
  of a larger regional ballfield/recreational facility at Treasure Island.
- Exploration of any potential opportunities to enable community use of the Job Corps indoor gymnasium.
- Exploration of providing community members with access to the Job Corps programs and facilities that provide simple medical/dental services.
- Exploration of opportunities to locate a future new police and fire station on Job Corps property, which is mutually beneficial to the Project and Job Corps.
- Exploration of opportunities for the Job Corps' use of the community gardens.

#### G. Phasing.

Like the treatment of the phasing in the affordable housing program and open space development, delivery of the community facilities, including childcare centers and community rooms, will be phased in at points that support the Islands' population and household mix for each phase of the Project. Certain core facilities are expected to be delivered in early phases of the Project. These would include recreational facilities and open space, neighborhood serving retail, the transportation infrastructure and coordinator office, and community spaces. Preliminary indications regarding the phasing of the community facilities are outlined in the Phasing Plan and will be developed in more detail in connection with negotiation of the Transaction Documents.

#### XI. FINANCING AND TRANSACTION STRUCTURE

### A. Financing Principles.

A project as large and complex as the redevelopment of Treasure and Yerba Buena Islands may require many different financing sources such as private equity, traditional construction and permanent financing, and tax exempt, land secured tax exempt financing such as Mello Roos Community Facilities District ("CFD") bonds, and tax increment and tax allocation bonds. However, a key principle of the Project is that it must be financially self-sufficient. In this context, financial "self-sufficiency" means that although TICD may utilize certain forms of tax exempt financing such as CFD, tax increment and tax allocation bonds for the Project, the City's General Fund will not be used for infrastructure needs or other capital improvements associated with the Project, and the City's General Fund will not be negatively impacted by on-going operation and maintenance costs for the Project. As a result, the guiding financing principles are:

- Ensure that the Project is fiscally feasible.
- Fund the Project's capital costs and on-going operation and maintenance costs relating to the redevelopment and operation of the Property in a manner that results in no negative impact to the City's General Fund.
- Ensure that the provision of the community benefits and facilities described in this Development Plan are a priority of the Project.
- Provide a mechanism for the Authority to participate in net profits from the development of the Project in the event TICD achieves a return in excess of agreed upon rates of return.

### B. Project Financing.

- 1. Financing Plan. Attached as Exhibit R is the proposed Financing Plan and Transaction Structure that shows the proposed sources of funds that will be needed to redevelop and operate the Project, and the uses on which the funds will be spent. Sources of revenue include, without limitation, residential pad sales, retail and hotel land sales or leases, rental income from existing residential units, commercial lease income, marketing, profit participation from vertical development, and other revenues ("Project Revenues"). Project uses include all reasonable and necessary direct hard and soft costs incurred in connection with the Project, including, without limitation, predevelopment costs (including predevelopment costs incurred by the Authority and reimbursed by TICD), payments to the Navy, horizontal development costs, contributions for affordable housing, municipal services payment, environmental remediation, the Authority administration payment, asset management costs, repair and maintenance costs for existing assets, general and administrative costs, all unrecovered costs related to the Interim Lease, and project management costs (collectively, "Project Expenses"). Project Revenues less Project Expenses is referred to in this Development Plan as "Net Project Revenues." Except for a reasonable limit on management/overhead fees payable to TICD, Project Expenses will not be capped, but will be subject to a "reasonableness" standard, certain approval rights by the Authority and subject to audit by the Authority. Exhibit R includes an estimate of development costs for the Project. A detailed budget, including a detailed predevelopment budget, will be attached as an exhibit to the DDA and updated at close of escrow.
- 2. Fiscal Impacts Analysis. A key step in formulating the financing and transaction structure for the Project was the preparation of the Fiscal Impacts Analysis, a copy of which is attached as Exhibit S. The Fiscal Impacts Analysis analyzes the future fiscal costs of providing the services and benefits to the Project that are described in this Development Plan, such as police services, fire protection services, parks and open space maintenance, public

works, public health, community services and the Authority's administration and oversight. The Fiscal Impacts Analysis also analyzes the future fiscal revenues that will be generated from the Project, such as property tax, property tax in lieu of vehicle license fee, sales tax, motor license fee, property transfer tax, transient occupancy tax, utility tax, business license/payroll tax, franchise fees, and highway users tax. The Fiscal Impacts Analysis provides a basis for evaluating the potential level, timing and costs of General Fund services necessary to support the future neighborhood compared to future General Fund revenues. The Fiscal Impacts Analysis provides a basis for structuring financial mechanisms to mitigate potential General Fund impacts, and to assure a stable, ongoing source of funding to sustain the quality of life on the Islands.

In addition to estimating the future fiscal costs and revenues for the Project, the Fiscal Impacts Analysis outlines the following guiding principles upon which future iterations of the Fiscal Impacts Analysis will be based:

- Project financing will not rely on the City's General Fund and will be structured to ensure that there is no negative impact to the General Fund.
- The Authority will establish a municipal services payment for years in which the costs of public services are projected to exceed tax revenues, which will be paid in consideration for the City providing required municipal services to the Islands. The amount of the municipal services payment will be set at the execution of the DDA, and will be a Project Expense that is paid prior to the payment of any Distributable Project Revenues to TICD in accordance with Section XI.C.
- The DDA will identify reliable funding sources for the municipal services payment, open space maintenance and subsidies for transportation services and programs.
- The estimates of future fiscal costs and revenues in the Fiscal Impacts Analysis will be updated in the DDA.

The Fiscal Impacts Analysis includes the following findings:

- At Project buildout, fiscal revenues should cover the annual ongoing operating
  costs for providing the public services and benefits described in this Development
  Plan. Additional fiscal revenues will be available to fund additional public
  services, if necessary.
- The Project will generate additional dedicated revenues and contribute towards Citywide programs that are not described in-the Fiscal Impacts Analysis. For example, a portion of the TOT will go towards various City programs. Health and welfare programs will also benefit from increases in State subventions because of additional residents on the Islands. To the extent that assessments, special taxes, or other fees are utilized to fund specific services on the Islands, e.g., road maintenance, other revenues such as additional gas taxes may be available for Citywide services and will not be necessary for Island maintenance.
- During the initial phases of the Project, fiscal shortfalls are likely, requiring Project contributions to assure that the Project does not have a negative impact on the General Fund. Shortfalls are projected to occur because of the need for a minimum level of public services and infrastructure in advance of development. For example, a minimum level of fire protection staff and facilities, as well as police protection, is necessary in advance of significant population increases.
- Project-specific funding will cover initial fiscal shortfalls and assure a steady source of ongoing revenue after buildout. For example, assessments, special taxes, or other fees created by the Project will help to fill funding gaps during and

after buildout. It will be important to balance the burdens among various uses to assure that market demand, pricing, and absorption of new development is not significantly affected to the point of threatening project feasibility.

3. Tax Exempt Financing. It is anticipated that a significant portion of the public improvements and community benefits will be financed directly from revenues generated by the sale of "finished lots" for vertical development. In addition, certain tax exempt financing, including tax increment and CFD funds, will be allocated to a range of community benefits, including infrastructure, affordable housing and open space. Tax increment revenues will be allocated to supplement the financing of those facilities. The 20% tax increment set aside for affordable housing required under CRL will be allocated to affordable housing on the Property. The Authority may elect to redirect a portion of tax increment revenues from the improvements identified in the Financing Plan and Transaction Structure (Exhibit R) in the event that Project Revenues exceed pro forma projections by an amount that has yielded a return to TICD in excess of 25%. Reallocated tax increment revenues may be used for other redevelopment purposes on the Property, such as to deepen affordable housing subsidies or to incentivize desired private

The DDA will include specific requirements for tax exempt financing. For example, CFD bond issues will have at least a three to one ratio of the value of property in the CFD as a whole to the amount of the public lien ratio, after calculating the value of the financed public improvements to be installed. In situations where there is less than a uniform three to one property value to public lien ratio for parcels in the CFD, the Authority will require additional credit enhancements prior to bond sale.

### C. Transaction Structure.

1. <u>Principles</u>. In order to create a feasible and effective financial transaction structure, the Authority and TICD first had to agree to certain basic project economics of the development program. These baseline assumptions informed the Authority and TICD as they sought to reconcile the public policy objectives for the Project (as set forth in the Reuse Plan, the RFQ, the RFP, the ENA, the TIHDI Agreement, and as presented to the TICAB and at various community workshops) with TICD's requirements for a reasonable economic return on its investment.

The parties have agreed upon a transaction structure appropriate for a public/private joint venture of this nature under which the distribution of Project Revenues is prioritized according to customary market-based principles regarding risk, financing requirements and the parties' respective financial contributions to the Project.

Distribution of Project Revenues. The DDA will afford the Authority with the
following participation rights in the profits from the Project to ensure that TICD does not recover
windfall profits from the development of the Project.

The Authority and TICD will share in Net Project Revenues less reasonable and necessary third party commissions, closing costs, issuance costs and debt service for land secured tax exempt financing ("Distributable Project Revenues"). Distributable Project Revenues generated from the Project would be distributed only for the following items, allocated in the following order of priority:

- i. First, to TICD, until TICD receives a 20% annual internal rate of return on Project Expenses, compounded quarterly;
- ii. Second, to the Authority, until the Authority receives the sum of (1) any actual development costs of the Authority relating to the Project not already paid by TICD under the ENA, plus interest accrued on such amounts from the date incurred until

repaid at the City's cost of funds (currently \_%), and (2) the estimated future value of the net rental revenue (less the proportionate share of island-wide operations expenses and all deferred maintenance expenses attributable to the housing) from the existing housing on the Island, currently estimated to be \$32 million;

- annual internal rate of return on Project Expenses, compounded quarterly, such that under this subsection iii and subsection i above, TICD receives a total 25% annual internal rate of return on Project Expenses; and
  - iv. Fourth, the remainder to be split 50:50 between the

Authority and TICD.

3. <u>Participation in Vertical Development Profits</u>. To the extent it is commercially reasonable to do so, all sales agreements, Leases or subleases, as applicable, between a vertical developer and TICD or the Authority will require the vertical developer to pay TICD or the Authority, as applicable, a percentage of net profits from the applicable vertical development above the mutually agreed upon Hurdle Rate. For purposes of Section XI.C.2 above, "Project Revenues" will also include this percentage of net profits from the vertical development to the extent actually received by TICD or the Authority.

#### D. Transaction Documents.

The Transaction Documents related to the Project are expected to include the DDA, the Lease, and such other related documents between the Authority and TICD as may be necessary and advisable to develop the Property. Generally, the DDA will govern TICD's acquisition and development of the Project. The DDA will deal with, among other things, the transfer of the Property to TICD in fee or by lease, as appropriate, the scope of development, the schedule for performance, and the financing plan for construction of the Project, including the necessary infrastructure. The agreed upon form of the Lease will be attached to the DDA. Generally, the Lease will govern TICD's use of certain portions of the Property that will be subject to the Tidelands Trust and slated for commercial development under the Land Use Plan. The DDA will contemplate the transfer of the Property to TICD, by lease or in fee, as the case may be, in four (4) or more phases. Each phase will be transferred when the conditions to the close of escrow pursuant to the DDA are satisfied.

### E. Conditions to Effectiveness of the Transaction Documents.

The Authority and TICD may enter into the Transaction Documents only upon (i) the completion of all appropriate environmental review of the Project under CEQA (and NEPA if required), (ii) approval of the Transaction Documents by the Authority, the Board of Supervisors and the Mayor, (iii) the issuance of any other required governmental approvals, and (iv) the Authority's reasonable approval of evidence of TICD's authorization to enter into the Transaction Documents and its ability to be bound by the obligations thereunder. The significant terms and conditions of the Transaction Documents are set forth below.

# F. Disposition and Development Agreement.

The following are some of the key terms that will be included in the DDA:

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Term:	The term of the DDA will commence on the date of full execution of the DDA after the conditions described in Section XI.B above are satisfied. As to the horizontal development, and subject to the phased release described below, the term of the DDA will continue until the later of (i) the sale or lease of the final development parcel or (ii) the completion of the horizontal development unless terminated earlier in

accordance with the terms of the DDA. Upon the close of escrow for each development parcel conveyed or leased to a vertical developer, (a) the Authority, TICD and, if applicable, the third-party vertical developer will enter into a Vertical DDA, and (b) the Authority will execute and deliver a Certificate of Completion or other appropriate documentation necessary to release the lien of the DDA to the extent that it encumbers such development parcel. The term of each Vertical DDA will continue until the sale of the final unit on the development parcel (or in the case of rental apartment buildings or leased properties, issuance of a temporary certificate of occupancy) in accordance with the Schedule of Performance described below and the Authority's recordation of a Certificate of Completion for the vertical improvements on such development parcel. The DDA will provide for the recordation of a release of its lien contemporaneously with the sale of each unit or issuance of a temporary certificate of occupancy, as applicable, unless earlier terminated as provided in the Vertical DDA. The form of the Vertical DDAs will be an exhibit to the DDA.

Conditions to the Authority's Obligation to Transfer and Lease the Property to TICD:

For each Major Phase, the Authority will not be obligated to transfer any portion of the Property to TICD by Lease, deed or permit to enter until all applicable conditions set forth in the DDA have been satisfied. including the following: (1) each party has performed all of its obligations under the DDA that are required to be performed prior to close of escrow, including TICD's (a) payment of any funds due and owing at close of escrow, (b) providing any necessary letters of credit or other credit enhancements, (c) executing and delivering a reversionary grant deed and irrevocable escrow instructions in an agreed-upon form attached to the DDA, and (d) with respect to close of escrow for Phases 3 and 4 (but not Phase 2 since Phases 1 and 2 will close concurrently), completion of the Phase 1 horizontal development; (2) the Authority has acquired the Property from the Navy; (3) except in the case of the Site Permit process which will be described in the DDA and may have different approval requirements, the Authority has approved construction documents for the horizontal development of such Major Phase that the Authority agrees are 90% complete and are consistent with the Infrastructure-Plan and the other requirements of the DDA; (4) the Authority has approved a detailed construction cost estimate for the horizontal development for such Major Phase prepared by a cost estimator reasonably acceptable to the Authority; (5) TICD has certified to the Authority that it is ready, willing and able to timely perform the tasks set forth in the DDA and in the Schedule of Performance for the horizontal development for such Major Phase; (6) TICD has provided to the Authority certificates of insurance or duplicate originals of insurance policies required under the DDA; (7) there has been no uncured event of default by TICD under the DDA. nor any event, act or omission which with notice and the expiration of any cure period without cure would become an event of default by TICD; (8) a qualified, independent third party has verified TICD's actual Predevelopment Costs to the Authority's reasonable satisfaction; (9) close of escrow has occurred under the Trust Exchange; (10) the portion of the Property constituting the Major Phase to be conveyed to

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TICD consists of one or more legal parcels under the California Subdivision Map Act and the applicable City subdivision ordinance; (11) TICD has provided evidence reasonably satisfactory to the Authority that TICD has obtained financing commitments adequate to complete construction of the horizontal infrastructure for such Major Phase, as set forth in the budget approved by the Authority and attached to the DDA, all in the amounts and by the dates set forth in the Schedule of Performance; (12) TICD has deposited into escrow a duly executed and authorized Performance Bond for such Major Phase; and (13) the parties have agreed upon (a) the Hurdle Rate, (b) the minimum bid price for the 20% Auction Pads in such Major Phase, (c) the locations of the 20% Auction Pads, the 20% JV Pads and the Development Pads for the New TIHDI Units and the Authority Units in such Major Phase, and (d) the order of development for such Major Phase (subject to the parties' reasonable agreement as described in Section III.B hereof).

Conditions to TICD's Obligation to Accept a Transfer or Lease of Property from the Authority:

For each Major Phase, TICD will not be obligated to accept a transfer of any portion of the Property from the Authority by Lease or deed until all applicable conditions set forth in the DDA have been satisfied, including the following: (1) the Authority has performed all of its obligations under the DDA that are required to be performed prior to close of escrow, including formation of the CFD or other applicable financing mechanism contemplated under the Financing Plan for each applicable Major Phase; (2) the Authority has acquired the Property from the Navy; (3) except in the case of the Site Permit process which will be specified in the DDA and may have different approval requirements, the Authority has approved construction documents for the horizontal development of such Major Phase that the Authority agrees are 90% complete and are consistent with the Infrastructure Plan and the other requirements of the DDA; (4) there has been no uncured event of default by the Authority under the DDA, nor any event, act or omission which with notice and the expiration of any cure period without cure would become an event of default by the Authority; (5) close of escrow has occurred under the Trust Exchange: (6) the portion of the Property constituting the Major Phase to be conveyed to TICD consists of one or more legal parcels under the California Subdivision Map Act and the applicable City subdivision ordinance; (7) TICD has obtained financing commitments adequate to complete construction of the horizontal infrastructure for such Major Phase, all in the amounts and by the dates set forth in the Schedule of Performance: (8) the title company is prepared to issue to TICD a title insurance policy vesting title in TICD free of all rights of possession by others and any other liens and encumbrances (and with respect to fee transfer parcels, free from the Tidelands Trust) subject only to such exceptions as are permitted under the terms of the DDA; (9) all regulatory approvals necessary for commencement of construction of horizontal development for the applicable Major Phase have been issued, all applicable appeals periods have run, and the approvals are final, binding and non-appealable; (10) TICD has obtained all insurance policies, including, without limitation, appropriate coverage for its

	environmental remediation obligations, in such amounts and upon such terms that TICD reasonably determines is necessary to carry out its obligations under the DDA; and (11) the parties have agreed upon (a) the Hurdle Rate, (b) the minimum bid price for the 20% Auction Pads in such Major Phase, (c) the locations of the 20% Auction Pads, the 20% JV Pads and the Development Pads for the New TIHDI Units and the Authority Units in such Major Phase, and (d) the order of development for such Major Phase.
Condition of Premises:	TICD will accept each Major Phase of the Property (whether by Lease or in fee) in its "AS IS, WITH ALL FAULTS" condition as of the date of delivery of possession, without representation or warranty of any kind as to the suitability of the Property for construction or subsequent use by TICD. The Authority and the City will have no responsibility for any condition of the Property, including without limitation, the presence of any hazardous materials or hazardous wastes, existing as of the date of the closing, and TICD will waive any potential claims against the Authority and the City arising from the condition of the Property except to the extent arising from the gross negligence or willful misconduct of the Authority. The Authority will provide to TICD all non-privileged documents in the possession of the Authority that relate to the physical condition of the Property.
Approval of Construction Plans:	For each Major Phase, TICD and the third party vertical developers, as applicable, will prepare and submit to the Authority for approval schematic, design development and permit drawings for the horizontal and vertical construction of the Project as required under the DRDAPs. The Authority will review such drawings for consistency with the Design for Development and other Project requirements set forth in the DDA. The horizontal DRDAP and the vertical DRDAP will include reasonable Authority review timeframes in the Schedule of Performance and a dispute resolution mechanism.
Development of Property:	TICD will, at no cost to the Authority, take all actions necessary to complete the Project within the times set forth in the Schedules of Performance and in the manner set forth in the DDA. Such obligations include completion of the horizontal development such as preparation of the affordable housing Developable Pads, infrastructure, parks and open space and applicable community facilities. The Authority will retain title to the Submerged Lands, the affordable housing Developable Pads and the portions of the Property on which infrastructure and other public facilities will be constructed. The Authority will grant TICD the right to enter such portions of the Property for construction of the horizontal infrastructure under a Permit to Enter, the form of which will be attached as an exhibit to the DDA. The costs of due diligence and constructing the Project will be borne solely by TICD. TICD will construct the Project in full compliance with all federal and state laws or regulations, and all applicable local laws or regulations as set forth in the DDA, including prevailing wages and other City requirements described in Exhibit T.

Schedules of Performance:  Closing Costs:	TICD will diligently prosecute the required work and complete construction of the Project improvements in accordance with the Schedule of Performance for each Major Phase of horizontal development. The Schedule of Performance for each Major Phase of horizontal development will be attached as an exhibit to the DDA. Each Vertical DDA will also include a Schedule of Performance for vertical development, which will be established by TICD and the Authority in each Vertical DDA. The Schedules of Performance will be consistent with the Phasing Plan and will include outside dates for: close of escrow for TICD's acquisition of agreed upon Major Phases of the Property, completion dates for the horizontal development of such Major Phases. Unless the Authority agrees to extend a completion date, if TICD fails to close escrow or complete construction of the required improvements by the applicable completion date for any reason other than a default by the Authority or events of traditional, litigation and economic force majeure set forth in the DDA (subject to any extension options agreed upon in the DDA), then TICD will be in default under the DDA, subject to reasonable notice and cure provisions. The Horizontal DDA and Vertical DDA will include reasonable mortgagee protections, giving mortgagee's rights to notice and cure. The DDA will provide the Authority with agreed-upon remedies and enforcement mechanisms to ensure completion of all phases of horizontal or vertical development within the applicable times. Upon termination of the DDA, TICD will convey to the Authority all non-privileged reports, studies and plans regarding the Project in TICD's possession, or in the possession of TICD's agents, employees or contractors that are reasonable obtainable by TICD, subject to any commercially reasonable conditions on the Authority's reliance on such documents and a release by the Authority of TICD and, if applicable, its agents, employees or contractors, from liability for future use, all as may be required by TICD. Such repor
	without limitation, escrow fees, the costs of any title reports, surveys, inspections and premiums for all title insurance obtained by TICD and the cost for title insurance policies protecting the Authority's interest, recording fees, if any, and transfer taxes.
Transfer Provisions:	Prior to completion of the Phase 1 horizontal development (i.e., the geotechnical and seismic stabilization of the Treasure Island perimeter and causeway), and except for permitted mortgages or transfers to affiliates pursuant to standards set forth in the DDA, TICD may not assign or transfer any of its interest under the DDA without the

	Authority's prior written consent, which consent may be withheld in the Authority's sole and absolute discretion. After completion of Phase I of the horizontal development, TICD may assign or transfer any of its interest under the DDA to such third party developers meeting specified criteria for financial and development experience set forth in the DDA and reasonably approved by the Authority.
	The Authority has certain interests relating to the identity, characteristics and qualifications of the buyers of the finished lots, including the requirements set forth in Section II.D.4 above. Thus, the DDA will include specific minimum qualifications for third party vertical developers of the Project.
	TICD will have no right to assign or transfer any of its rights under the DDA if it is in default under the DDA, unless TICD or the proposed assignee has provided satisfactory assurance that the default will be cured as a condition to the assignment.
	TICD will not permit an assignment or other transfer of the DDA under any circumstances unless the assignee expressly assumes, in writing for the benefit of the Authority, all of TICD's obligations under the DDA. The DDA will describe the terms under which TICD may be released of future obligations or liabilities under the DDA in connection with a permitted assignment.
Financial Assurances:	The DDA will require TICD's provision of adequate means to assure the Authority and the City that TICD has sufficient financial wherewithal and commitment to fulfill the financial, indemnification and other performance obligations of TICD for each Major Phase of the horizontal development. Subject to agreement of the parties, such means may include, by way of example only, and without limitation, guaranties from suitable entities, performance deposits and/or surety bonds that are appropriate for the guaranteed obligations. The Authority will make determinations as to the adequacy of such assurances in good faith in light of the public purposes and development objectives of the Reuse Plan, the RFQ, the RFP and the ENA and the Community Redevelopment Law requirements and other applicable laws.
Books and Accounts:	TICD will maintain complete and accurate accounting records, in accordance with generally accepted accounting principles in the United States, for the Project Revenues, Project Expenses and other items described in the DDA for the period agreed upon in the DDA. TICD also will maintain complete and accurate accounting records of all construction costs for each phase of the Project for the period agreed upon in the DDA.
Budgets:	A pro forma budget will be attached to the DDA as an exhibit. The budget will be updated prior to close of escrow for each Major Phase and on an annual basis. The DDA will describe the Authority's review and approval rights regarding the budget to confirm that TICD has sufficient financial capability to perform the applicable work in each

	Major Phase.
Reports:	TICD will provide to the Authority annual reports of Project Revenues and Project Expenses executed by TICD's Chief Financial Officer, and annual reports of Project Revenues and Project Expenses certified by TICD and reviewed by an independent accounting firm, setting forth in reasonable detail the computation of Project Revenues, Project Expenses and Net Project Revenues. The Authority and its agents will have the right to inspect TICD's books and records at TICD's offices within the City. In addition, the Authority will have the right to perform an audit of TICD's books and records, but not more often than one (1) time per twelve (12) month period, unless such audit reveals a discrepancy in the calculation of Project Revenues and/or Project Expenses or TICD is otherwise in material default of its financial obligations under the DDA. The Authority will pay the costs of such audit unless it reveals a total discrepancy in excess of 5%, in which case TICD will reimburse the Authority for the costs of such audit. The Authority will keep financial information obtained in the course of such audit or inspection confidential to the extent allowed by law and to the extent that TICD reasonably designates such information as confidential. As soon as practicable prior to releasing any such information, the Authority will provide TICD with written notice of any public records requests for such information and its intent to release any such information if required by law.
Risk of Loss:	TICD will bear the risk of loss for the Property conveyed to TICD under the DDA. The DDA will include provisions requiring TICD to obtain insurance and rebuild infrastructure and other improvements in the event of damage or destruction, subject to limitations on the extent and the time of occurrence of such loss and the availability of insurance proceeds.
Termination:	In addition to all other remedies provided under the DDA, TICD will have the right to terminate the DDA if the Authority, after the expiration of applicable notice and cure periods and subject to force majeure, fails to form the applicable CFDs or implement the tax exempt financings to the extent required under the Financing Plan within the times provided in the DDA or other Transaction Documents, or if escrow for any Major Phase fails to occur within the times provided as a result of a default by the Authority.
	In addition to all other remedies provided under the DDA, the Authority will have the right to terminate the DDA if TICD, after the expiration of applicable notice and cure periods and subject to force majeure, defaults under the DDA, or if escrow for any Major Phase fails to occur within the times provided as a result of a default by the TICD.

G. Lease.

The following are some of the key terms that will be included in the Lease:

Premises:	The Authority will lease to TICD certain portions of the Property that are encumbered by the Tidelands Trust and slated for commercial development and which TICD is required or has elected to develop under one or more long term Leases on the terms summarized below. Such commercial Leases will be offered in connection with Major Phases, as described in the DDA. If TICD is required or elects to develop a commercial parcel (on its behalf or pursuant to a third-party sublease), then it will enter into a Vertical DDA with the Authority, pursuant to which the Authority will deliver a Lease of the applicable Premises to TICD. The Authority will retain, or transfer to the City, parks, open space lands, and other Tidelands Trust encumbered lands on which public facilities will be constructed.
Term:	The term of each Lease will be no more than 66 years from the date of the close of escrow with respect to the portion of the Premises subject to such Lease. Before the completion of the Project (but after the close of escrow), the Vertical DDA and the Lease will apply, but the Vertical DDA will control in the event of any inconsistency between the Vertical DDA and the Lease.
Uses:	TICD may use the Premises solely for uses that are permitted under the final Land Use Plan, the Redevelopment Plan and other regulatory approvals, and consistent with the Tidelands Trust.
Assignment:	TICD may not, except in accordance with a Permitted Encumbrance (as defined below), transfer or assign any of its interest in the Lease (other than affiliate transfers that do not result in a change in control of TICD or assignments solely for the purpose of obtaining the federal historic tax credit), including causing any significant change in the ownership, control, management, financial capability or qualifications of TICD, without the prior written consent of the Authority, which consent will not be unreasonably withheld. Among other things, it will be "reasonable" for the Authority to withhold such consent if any proposed transferee does not demonstrate to the Authority's satisfaction the level of qualifications, experience and financial capacity necessary to construct, operate and repair the applicable portion of the Project in accordance with, and otherwise comply with the terms of the Lease.
	Except with respect to a Permitted Encumbrance (which will include reasonable mortgagee protection provisions), TICD will not permit an assignment or other transfer under any circumstances unless the assignee expressly assumes, in writing for the benefit of the Authority, all of TICD's obligations under the Lease. The foregoing notwithstanding, TICD may not assign any of its interest in the Lease prior to the completion of the vertical development on the Premises without the prior written consent of the Authority, which the Authority may withhold in its sole and absolute discretion.
	TICD will have no right of assignment or sublease if it is in default

	under the Lease, unless TICD or the proposed assignee has provided satisfactory assurance that the default will be cured as a condition to the assignment.
Subletting:	Subleases, licenses and other occupancy agreements (each a "Sublease") will not require the Authority's prior written consent; provided, that (1) the uses are permitted uses under the Lease, (2) the sublease or license is expressly subject to the terms of the Lease, (3) the term of the Sublease including any extension options does not extend beyond the Term of the Lease, (4) the subtenant, licensee or other occupant agrees to indemnify the Authority against losses arising out of such subtenants, licensee's or occupants use of the Premises, (5) TICD is not in default, or as a condition to the Sublease, any such default will be cured to the satisfaction of the Authority, (6) TICD provides the Authority with a copy of each Sublease within five (5) days of execution, amendment and extension thereof, respectively, and (7) TICD provides the Authority with a current rent roll, including key terms of each Sublease concurrently with delivery to the Authority of each new, amended or extended Sublease and upon each termination of each Sublease.
	The Authority will have the right to approve the Sublease form, which will require the subtenant to open and operate the subleased premises, subject to commercially reasonable limitations. The covenant to operate will run with the land and be binding upon successors and assigns of the subtenant.
Rent:	Subtenants will be required to pay fair market value rent, which will be determined in accordance with a mechanism set forth in the Vertical DDA and the Lease, provided, however, rent for initial retail space may require subsidy to the extent necessary to attract initial tenants. All rent will be included in the calculation of Project Revenues.
Compliance with Laws:	Throughout the Term, TICD or its subtenants will use and operate the Premises in compliance with all applicable federal and state laws, rules, regulations, and ordinances in effect, and all applicable local laws, rules, regulations and ordinances as set forth in the Lease. TICD or its subtenants, at no cost to the Authority, will comply with all laws and governmental regulations applicable to the Premises (including, but not limited to, disabled access laws and hazardous materials laws), subject to commercially reasonable termination provisions or cost-recovery provisions in the later years of the Lease for extraordinary expenses, and under no circumstances will the Authority be obligated to make repairs or replacements of any kind. Without relieving the Navy's continuing responsibilities under federal laws, TICD or its subtenants will be responsible for any hazardous materials remediation required by any regulatory agency with jurisdiction over the Premises in connection with TICD's or its subtenants' use or occupancy of the Premises.

Maintenance, Operations and Repair: The Lease will be a "triple-net lease." TICD or its subtenants will, at no cost to the Authority, assume full and sole responsibility for the condition, maintenance, repair and operation of the Premises, including any necessary rehabilitation, repair, seismic or remediation work, equipment, capital improvement, regulatory approvals, possessory interest taxes and any other taxes and assessments subject to commercially reasonable termination provisions or cost-recovery provisions in the later years of the Lease for extraordinary expenses. TICD or its subtenants will, throughout the Term and at their sole cost, take all actions necessary to maintain and operate the Premises in a condition consistent with approved operating standards set forth in the Lease.

# Insurance and Damage and Destruction:

TICD or its subtenants will maintain throughout the Term comprehensive general liability, workers' compensation, property (including, to the extent available at commercially reasonable rates, earthquake and flood insurance with commercially reasonable deductibles), automobile liability, personal property, business interruption, host liquor law and food products liability insurance, and any other insurance required by law from carriers of recognized responsibility in amounts and with coverages as may be reasonably required by the City's Risk Manager. Except with respect to earthquake insurance, such insurance will be in the amount of 100% of the replacement value of the construction. With respect to earthquake insurance, TICD and the Authority will mutually agree as to the percentage of the completed value of the construction. The Authority must be named as an additional insured on any coverage permitting the Authority to be named as an additional insured. If the Authority cannot be named as an additional insured, then such insurance will specifically insure against TICD's and its subtenants' indemnity obligations to the Authority and the City under the Lease.

In the event of any Major Damage (as hereinafter defined) to or destruction of any portion of the Premises during the Term, TICD or its subtenants will repair the damage and rebuild to their prior condition to the extent of available proceeds (provided TICD or its subtenants will be responsible for paying the deductible) and subject to reasonable mortgagee protection provisions. For purposes of this section, the term "Major Damage" means 50% of the completed value of the construction. If there are insufficient proceeds to rebuild or if the casualty is uninsured, then TICD or its subtenants will repair the improvements to the extent that safety hazards are eliminated as reasonably determined by the Authority, and will assign their rights to any remaining insurance proceeds to the Authority. In the last 10 years of the Term, whether or not there are sufficient insurance proceeds to rebuild the improvements, TICD or its permitted assignees hereunder may terminate the Lease and will not be required to rebuild so long as TICD or its permitted assignee or subtenants (subject to reasonable mortgagee protection provisions) repair the improvements to the extent that safety hazards are eliminated as reasonably determined by the Authority, and assign their rights to any remaining insurance proceeds

	to the Authority.
Nondisturbance and Attornment:	Except in the event of termination due to damage and destruction to the Premises, in the event of a termination of the Lease, the Authority will agree not to disturb the occupancies of subtenants so long as the Sublease conforms to the requirements of subletting set forth above. TICD will require all subtenants to attorn to the Authority in the event of any termination of the Lease. Any nondisturbance and attornment agreements will be on commercially reasonable terms, and subject to commercially reasonable mortgagee protection provisions.
Mortgage of Leasehold:	TICD will be permitted to encumber the Lease to the extent reasonably necessary to obtain construction and permanent financing for the vertical improvements on the Premises from a financially responsible lender or lenders, subject to the conditions set forth below, and provided that the mortgage complies with the conditions of the Lease and the transferee assumes in writing all of the future obligations of TICD under the Lease and TICD's residual equity interest meets the minimum standards that will be set forth in the Lease (a "Permitted Encumbrance"). The Lease will contain commercially reasonable "mortgage protection" provisions as necessary to permit TICD to obtain such financing and the Lease will not restrict assignment in connection with a Permitted Encumbrance to a lender by operation of a foreclosure of a mortgage or by deed in lieu of foreclosure or to a purchaser under a foreclosure sale. Notwithstanding the foreclosure of any such Permitted Encumbrance, TICD will remain liable to the Authority for the payment of all sums due from TICD under the Lease prior to such foreclosure and not otherwise recovered by the Authority. TICD will provide the Authority with notice of any such Permitted Encumbrance. In no event will the Authority's fee interest in the Premises or the Authority's interest in the Lease be encumbered or subordinated. TICD may not use the leasehold as security for any financing or refinancing unassociated with the construction or operation of the Project.
Utilities and Services:	TICD or its subtenants will, at no cost to the Authority, procure and pay for all utility, sewer, mechanical or other services needed or useful for its operations on the Premises. If required by the Authority, TICD and its subtenants will purchase electricity from the City's utility, Hetch Hetchy Water and Power or other City source so long as it is reasonably available for the Project's needs, the level of service is substantially equivalent or better than that available on the open market, it can be separately metered and implemented without significant additional cost or delay (including delivery of service to construction sites), and the price is equivalent or less than then prevailing market rates for comparable types of loads.
Remedies:	Upon the occurrence of an uncured event of default under the Lease by TiCD, the Authority may keep the Lease in effect and sue for damages, terminate the Lease, institute an action for specific performance, and/or assert any rights and remedies that it may have under law. The Lease

	will include commercially reasonable security for the obligations under the Lease such as a security deposit or letter of credit.
Surrender of Premises:	Upon the expiration or earlier termination of the Lease, TICD or its subtenants will return to the Authority the Premises, including without limitation, all improvements (but not any personal property), in a good, clean and operable condition subject to normal wear and tear, free of any liens or encumbrances except for any permitted title exceptions. If required by the Authority at the time of approval of any improvements to Building One, the hangars and other structures designated as historical structures, or contributory to an historic district, TICD or its subtenants also will restore the Premises to a condition required by SHPO, including, without limitation, reversing any specified improvements to Building One, the hangars and other historical structures in compliance with the Secretary of the Interior's Standards.
Indemnity:	TICD will indemnify the Authority from all Losses (to be defined in the Lease) arising from its use and operation of the Premises, except to the extent such Losses are caused solely by the gross negligence or willful misconduct of the Authority.
Accessory Uses and Improvements:	The Lease shall allow TICD to enter into permits and subleases that allow placement of solar technologies, telecom facilities (such as cellular towers), and other improvements serving residents of the Islands on or within existing and proposed improvements on the leased Property, subject to the terms of the Redevelopment Plan, the Design for Development and other applicable land use documents.
City Requirements:	TICD and each company hired by TICD or hired by a contractor or subtenant of TICD will be required to comply with (i) all of the City requirements described in Exhibit T and (ii) the Jobs and Equal Opportunity Plan described above. These requirements will be incorporated into the Lease and the Subleases.
Access:	TICD and its subtenants will provide reasonable access in, on, under and across the Premises to the Authority, and its respective officers, employees, agents, contractors, and subcontractors for monitoring the construction and operation of the Project for compliance with the obligations under the Transaction Documents.

# H. Interim Leasing.

As a condition to its continued exclusive right to develop the Property, upon execution of the DDA, TICD and the Authority will enter into a sublease, management agreement or other mutually acceptable arrangement (the "Interim Lease") for TICD to provide interim management services to the Property including, without limitation, property management, marketing, leasing, financing and community outreach, except as otherwise agreed by the Authority and TICD.

#### XII. NEXT STEPS

### A. Conveyance of the Property from the Navy to the Authority.

The Authority expects to complete negotiation of a conveyance agreement with the Navy and other necessary agreements for the Navy's conveyance of the Property to the Authority within 12 months after the Board of Supervisors' endorsement of this Development Plan. The necessary approvals for the conveyance of the Property from the Navy to the Authority include the following:

## 1. San Francisco Planning Commission/Planning Department.

- a. Adopts and recommends to the Board of Supervisors approval
  of any amendments to the General Plan that are necessary for the conveyance of the
  Property to the Authority.
- b. Issues a determination of consistency with the General Plan and Planning Code Section 101.1, Priority Planning Policies, and recommends their adoption to the Board of Supervisors.

## 2. Treasure Island Development Authority.

- a. Adopts a resolution authorizing the Authority to enter into a conveyance agreement with the Navy, subject to approval by the Board of Supervisors.
- b. Adopts a resolution authorizing the Authority to enter into environmental agreements regarding environmental remediation with the Navy, the State of California and selected environmental remediation contractors, as necessary, subject to approval by the Board of Supervisors.
- c. Adopts a resolution authorizing the Authority to enter into agreements for the provino of utilities to the Property, as necessary, subject to approval by the PUC, if necessary, and the Board of Supervisors.

## 3. San Francisco Board of Supervisors.

- $\textbf{a.} \ \ A dopts \ a \ resolution \ authorizing \ the \ Authority \ to \ enter \ into \ a \ conveyance \ agreement \ with \ the \ Navy.$
- b. Adopts a resolution authorizing the Authority to enter into environmental agreements regarding environmental remediation with the Navy, the State of California and selected environmental remediation contractors, as necessary.
- **c.** Adopts a resolution authorizing the Authority to enter into agreements for the provision of utilities to the Property, as necessary.

# 4. Governor in Consultation with State Agencies.

**a.** Issues a Covenant Deferral Request to approve Early Transfer of the Property under CERCLA Section 120(h)(3)(C), as necessary.

## 5. California Environmental Protection Agency.

- a. Possible concurrence in Navy Finding of Suitability to Transfer.
- b. Issues environmental orders and enters into environmental agreements with the Authority, as necessary.

# B. Redevelopment of the Property.

The Authority expects that the entitlement process for redevelopment of the Property will be completed within 24 months after the Board of Supervisors' endorsement of this Development of the Supervisors' endorsement of th

Plan. During this same period, the Authority expects to complete negotiations with TICD, the City, the State Lands Commission and other appropriate entities regarding the Transaction Documents and other appropriate agreements necessary for the redevelopment of the Property.

The agencies listed below will consider additional environmental review required under CEQA and other actions associated with the redevelopment of the Property as described in this Development Plan:

- 1. San Francisco Planning Commission/Planning Department.
- a. Prepares and completes additional environmental review as required under CEQA and San Francisco Administrative Code Chapter 31.
  - b. Adopts CEQA Findings and a Mitigation Monitoring Program.
- c. Determines consistency of the Redevelopment Plan and Design for Development documents and other approvals with the General Plan and Planning Code Section 101.1, Priority Planning Policies, and recommends their adoption to the Board of Supervisors.
- d. At the request of the Authority, endorses and recommends to the Board of Supervisors for approval the Redevelopment Plan and Design for Development documents for the Treasure Island Redevelopment Area.
- e. Approves and recommends to the Board of Supervisors for approval a General Plan Amendment and any necessary Planning Code and Zoning Map Amendments to make them consistent with the Redevelopment Plan.
  - 2. Treasure Island Development Authority.
    - Adopts CEQA Findings and Mitigation Monitoring Program.
- b. Approves and recommends to the Board of Supervisors for approval the Redevelopment Plan and Design for Development documents for the Treasure Island Redevelopment Area.
- c. Endorses and recommends to the Board of Supervisors for approval the General Plan Amendment and the Zoning Map Amendment.
- d. Approves and recommends to the Board of Supervisors for approval the DDA (including the DRDAP), the Lease, the Interim Lease, the Interagency Cooperation Agreement, the Tidelands Trust Exchange Agreement and other Transaction Documents including financing agreements and leases, related utility agreements, and environmental implementation agreements with State agencies.

## 3. Board of Supervisors.

a. Hears and decides any appeal of CEQA environmental review

document.

- b. Adopts CEQA Findings and a Mitigation Monitoring Program.
- ${\bf c.} \ \ \, {\bf Approves the General \ Plan \ \, Amendment \ and \ \, any \ \, necessary \ \, Planning \ \, {\bf Code \ \, and \ \, Zoning \ \, Map \ \, Amendments.}$
- d. Adopts the Redevelopment Plan and Design for Development documents for the Treasure Island Redevelopment Area.
- e. Approves the DDA (including the DRDAP), the Lease, the Interim Lease, the Interim Lease, the Interagency Cooperation Agreement, the Tidelands Trust Exchange Agreement and other Transaction Documents including financing agreements and leases,

related utility agreements, and environmental implementation agreements with State agencies.

- f. Adopts amendments to the San Francisco Subdivision Code, creating a new sub-chapter creating standards and process requirements for subdivision maps on the Property.
- g. Adopts Ordinance creating a Parking and Transportation District for the Property.
  - 4. San Francisco Bay Conservation and Development Commission.
    - a. Possible related approval actions.
  - 5. State Lands Commission.
- a. Possible related approval actions, including findings of consistency with the Tidelands Trust and/or approval of any Exchange Agreements.

## XIII. DEVELOPMENT PLAN SUBJECT TO CEQA

The Authority's Board of Directors and the Board of Supervisors will consider final Transactional Documents for the development of the Property pursuant to the schedule set forth above. While this Development Plan strives to summarize certain basic terms essential to those agreements, it is not intended to be, and will not become, contractually binding on the Authority or TICD, and no legal obligation will exist under this Development Plan unless and until the parties have negotiated, executed and delivered mutually acceptable agreements based upon information produced from the CEQA process and other public review and hearing processes and subject to all applicable governmental approvals.

The parties acknowledge that the goal of this Development Plan is to achieve a negotiated balance between the public policy objectives of the project (as set forth in the Reuse Plan, the RFO, the RFP, the ENA, the TIHDI Agreement and this Development Plan) and TICD's need for a reasonable market return on its investment. After execution of this Development Plan and during the remaining term of the ENA, the parties will negotiate in good faith to complete final transaction documents and a final development program that provide a level of public benefits substantially consistent with the Development Plan and achieve TICD's reasonable market return. Without limiting the foregoing, TICD has made key assumptions as to the financial feasibility of the Project based upon the level of public benefits and private development rights described herein. If, prior to entering into the DDA, circumstances arise as to change the key assumptions hereunder, there may be a material adverse effect on TICD's ability to achieve its reasonable market return and the project's ability to finance the level of public benefits described in this Development Plan. If, prior to entering into the DDA, any of the key assumptions prove to be materially different such that the costs of development would be materially increased, the rights of TICD or the other developers to develop the Property would be materially decreased, or the land value for vertical sales would be materially decreased, then the parties will negotiate in good faith for the remaining term of the ENA to reach a fair and balanced agreement that provides TICD with its reasonable market rate return and the City and the Authority with an appropriate public benefits package that achieves the public policy objectives of the Project.

Before entering into final Transaction Documents, the Authority and the City retain the absolute discretion to (a) make modifications to the Project and any proposed agreements as are deemed necessary to mitigate significant environmental impacts, (b) select other feasible alternatives to avoid such impacts, (c) balance benefits against unavoidable significant impacts before taking final action if such significant impacts cannot otherwise be avoided, or (d) determine not to proceed with the proposed Project based upon the information generated by the environmental review process.

#### XIV. DEFINITIONS

- (a) "20% Auction Pads" as defined in Section II.D.4.
- (b) "20% JV Pads" as defined in Section II.D.4.
- (c) "Act" as defined in Recital H.
- (d) "Application" as defined in Recital K.
- (e) "Authority" menas the Treasure Island Development Authority, a public body, corporate and politic of the State of California
- $\begin{tabular}{lll} (f) & "Authority Board" & Board" & Treasure & Island & Develoment \\ Authority Board of Directors. \end{tabular}$ 
  - (g) "Authority Units" as defined in Section VII.B.2.b
  - (h) "BRAC" as defined in Recital D.
  - (i) "CEQA" as defined in Recital F.
  - (j) "CFD" as defined in Section XI.A.
  - (k) "City" means the City and County of San Francisco.
  - (1) "CRC" as defined in Recital E
  - (m) "CRL" as defined in Section VII.B.3
  - (n) "DBI" as defined in Section II.C.2.d
  - (o) "DDA" as defined in Recital Q.
  - (p) "Design for Development" as defined in Section II.C.1.
- (q) "Developable Pads" means a building site to be prepared by TICD and conveyed or re-conveyed to the Authority, TIHDI or TIE, as applicable, and that complies with all of the following:
- (1) A final subdivision map for conveyance and financing of the building site as a separate legal parcel has been recorded in the Official Records of the City and County of San Francisco, and applicable appeal periods for such approvals and the environmental clearances for such approvals have expired without appeal, or if there has been an appeal, a final non-appealable judgment has been entered in a Court or administrative agency of competent and final jurisdiction affirming the approvals and environmental clearances that were issued by the City for the building site;

(2) the building site has been graded in accordance with the grading plans approved by the City with the pad elevations certified by TICD's civil engineer; and

- of the Developable Pad as required by all applicable governmental agencies or quasi-governmental agencies with jurisdiction over the Property or the Project (collectively, the "Governmental Agencies") have been fulfilled or appropriate guarantees, bonds and/or subdivision improvement agreements acceptable to the City are in place to ensure their fulfillment in order to enable the Authority, THDI or TIE, as applicable, upon satisfaction of any conditions related to subdivision and completion of all in-tract improvement work (i.e., improvement work within the boundaries of the Developable Pad) required under the applicable conditions of approval, improvement plans and any applicable subdivision improvement agreement for the tentative and final map for the applicable Developable Pad, submittal of building plans to TICD and Governmental Agencies for approval, and payment of building permit fees, to obtain a building permit to commence construction and upon the completion of construction, to obtain a permanent certificate of occupancy.
- (r) "Development Plan" means this Development Plan and Term Sheet for the Redevelopment of Naval Station Treausre Island.
  - (s) "Distributable Project Revenues" as defined in Section XI.C.2.
  - (t) "DRDAP" as defined in Section II.C.2.
  - (u) "Jobs and Equal Opportunity Program" as defined in
  - (v) "EIR" as defined in Recital F.

Section VIII.A.

- (w) "EIS" as defined in Recital F.
- (x) "ENA" as defined in Recital Q.
- (y) "Excluded Properties" as defined in Recital B.
- (z) "Existing Households" as defined in Section VII.C.1.
- (aa) "Existing Housing" as defined in Section VII.C.2.
- (bb) "FOST" as defined in Section I.B.4.
- (cc) "Hurdle Rate" as defined in Section II.D.4.
- (dd) "JSCo" as defined in Section VII.C.1.
- (ee) "Interim Lease" as defined in Section XI.H.

- (ff) "Lease" as defined in Recital Q.
- (gg) "LRA" as defined in Recital D.
- (hh) "Major Phases" as defined in Section I.C.1.
- (ii) "Marina Project" as defined in Section II.A.4.
- (ij) "Market Rate Units" as defined in Section VII.C.1.
- (kk) "Minimum Commercial Development" as defined in

#### Section III.C.2.b.

- (II) "Navy" as defined in Recital A.
- (mm) "New TIHDI Units" as defined in Section VII.B.2.a
- (nn) "NSTI" as defined in Recital A.
- (00) "Permitted Encumbrance" as defined in Section XI.G.
- (pp) "Project" as defined in Section I.A.
- (qq) "Project Expenses" as defined in Section XI.B.1.
- (rr) "Project Revenues" as defined in Section XI.B.1.
- (ss) "Property" as defined in Recital B.
- (tt) "Qualifying Date" as defined in Section VII.C.2.
- (uu) "Redevelopment Plan" as defined in Recital F.
- (vv) "Reuse Plan" as defined in Recital F.
- (ww) "RFP" as defined in Recital M.
- (xx) "RFQ" as defined in Recital M.
- (yy) "Secretary Standards" as defined in Section II.A.3.
- (zz) "Studies" as defined in Recital R.
- (aaa) "Submerged Lands" as defined in Recital A.
- (bbb) "TICAB" as defined in Recital N.

(ccc) "TICD" means Treasure Island Community Development, LLC, a California limited liability company.

- (ddd) "Tidelands Trust" as defined in Recital H.
- (eee) "TIE" as defined in Section II.A.4.
- (fff) "TIHDI" as defined in Recital G.
- (ggg) "TIHDI Agreement" as defined in Recital G.
- (hhh) "TIHDI Units" as defined in Section VII.C.1.
- (iii) "TOT" as defined in Section II.A.3.
- (jjj) "Transaction Documents" as defined in Recital Q.
- (kkk) "Transportation Phasing Plan" as defined in Section V.C.
- (Ill) "Trust" as defined in Recital H.

(mmm)"Vertical DDA" as defined in Section III.C.1.

	This Development Plan is executed thisday of, 2006.
	TREASURE ISLAND DEVELOPMENT AUTHORITY
	Ву
	President, Board of Directors
par	TREASURE ISLAND COMMUNITY DEVELOPMENT, a California limited liability by
	Ву
	Name: Title:
	By Name:
	Title:
	By Name:
	Title:

com

#### EXHIBITS:

EXHIBIT A - DIAGRAM OF PROPERTY/ DIAGRAM OF EXCLUDED PROPERTIES

EXHIBIT B - ILLUSTRATIVE CONCEPTUAL LAND USE PLAN

EXHIBIT C- PROPERTY TO BE FREED FROM TIDELANDS TRUST

EXHIBIT D - ILLUSTRATIVE ZONING MAP AND DESCRIPTION

EXHIBIT E - DESIGN CONCEPTS AND STRATEGIES

EXHIBIT F - KEY PORTION OF JOB CORPS SITE

EXHIBIT G - CONCEPTUAL LAND USE PLAN FOR MARINA PROJECT

EXHIBIT H- ILLUSTRATIVE PHASING PLAN

EXHIBIT I - INFRASTRUCTURE PLAN

EXHIBIT J – TRANSPORTATION PLAN EXHIBIT K – SUSTAINABILITY PLAN

EXHIBIT L - HOUSING AND TRANSITION PLAN EXHIBITS

EXHIBIT M - JOBS AND EQUAL OPPORTUNITY PROGRAM

EXHIBIT N - EMERGENCY SUPPORT PLAN

EXHIBIT O - TIHDI AGREEMENT

EXHIBIT P - DEMOGRAPHICS STUDY

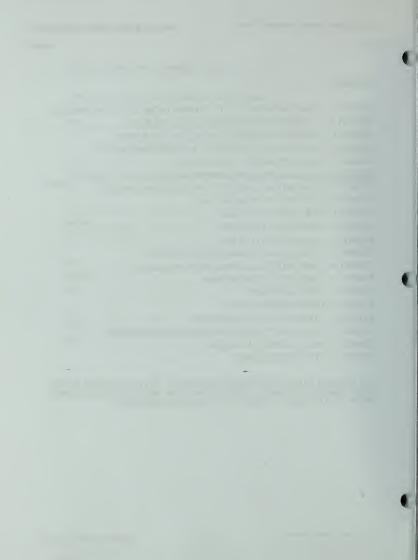
EXHIBIT Q - COMMUNITY FACILITIES PLAN

EXHIBIT R - FINANCING PLAN AND TRANSACTION STRUCTURE

EXHIBIT S - FISCAL IMPACTS ANALYSIS

EXHIBIT T - CITY REQUIREMENTS

ALL EXHIBITS ARE ON FILE WITH THE SECRETARY OF THE TREASURE ISLAND DEVELOPMENT AUTHORITY AND ALSO ARE AVAILABLE FOR DOWNLOADING FROM THE AUTHORITY'S WEBSITE AT www.sfgov.org/treasureisland





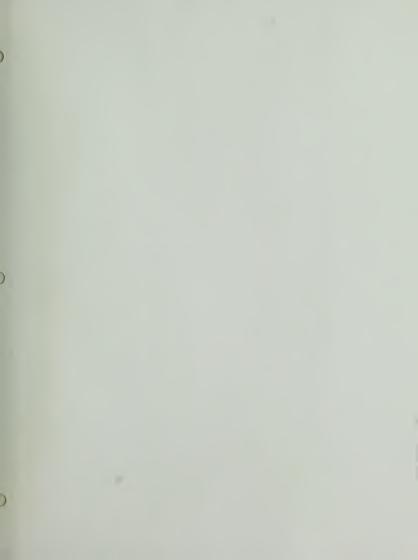








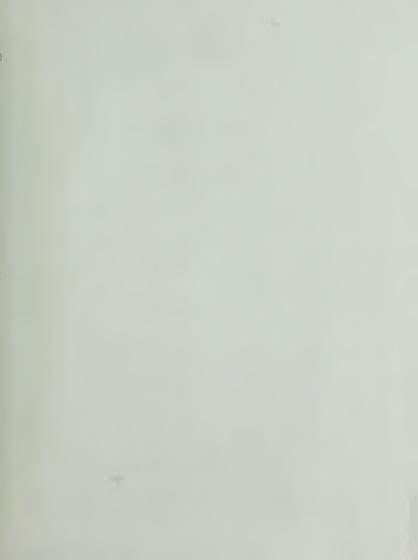














#### CITY & COUNTY OF SAN FRANCISCO

# TREASURE ISLAND DEVELOPMENT AUTHORITY

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BLDG. ONE, 2<sup>NO</sup> FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND



Draft Minutes of Special Meeting Treasure Island Development Authority September 27, 2006

City Hall, Room 400
1 Carlton B. Goodlett Place
San Francisco, CA

1. Call to Order: 2:15 PM

Roll Call Present:

Present: Claudine Cheng (Chair)

Jared Blumenfeld John Elberling Marcia Rosen

Absent: Jesse Blout

Matthew Franklin Supervisor Chris Daly DOCUMENTS DEPT.

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# 2. Report by Director of Island Operations

Ms. Mirian Saez, Director of Island Operations, stated she has been on the job three weeks. Stated challenges so far include determining what goals and work plans need to be formulated for staff operations going forward. Stated many leasing issues need to be addressed including establishing leasing guidelines and an inventory of buildings. A comprehensive policy should be established in the coming months. Stated she has been meeting with Island partners as well as the John Stewart Company, City Department Heads, City Departments and the City Attorney's Office. She has also been speaking with Island partners who can help grow Treasure Island's reputation as a recreation destination. Discussed recent on-Island events, including the San Francisco Covention and Visitor's Bureau monthly mixer and the 11<sup>th</sup> annual International Dragon Boat Festival. TIHDI is hosting the annual Community Festival on the Great Lawn the upcoming weekend. Governor Schwartzenegger recently signed an environmental protection law on Treasure Island along with Mayor Newsom and Governor Pataki of New York.

3. Report by the Mayor's Office of Base Reuse and Development

Mr. Michael Cohen, Mayor's Office of Base Reuse, stated the Term Sheet was presented to the Citizen Advisory Board prior to the presentation today. Staff is meeting with the United States

Navy to commence formal negotiations now that the pro forma and financial analysis is complete. Stated the reappointment of President Cheng and the appointment of Island resident Owen Stephens will be heard at the Board of Supervisors Rules Committee.

#### 4. Communications

Director Cheng reminded Directors of the letter from the Mayor requiring members of Board and Commissions to take their responsibilities seriously and attend meetings regularly.

# 5. Report by the Treasure Island/Yerba Buena Island Citizen Advisory Board There was no CAB report given at this meeting.

## 6. Ongoing Business by Directors

Director Elberling asked for a report on the closure of the Bay Bridge over Labor Day weekend. Ms. Saez stated she learned from staff that everything went smoothly and there were no problems or emergencies.

### 7. General Public Comment

There was no general public comment.

### 8. Consent Agenda

There was no public comment on the Consent Agenda.

Director Rosen motioned for approval of the Consent Agenda.
Director Elberling seconded the motion.
The Consent Agenda was approved unanimously.

## 9. Presentation of Term Sheet and Redevelopment Plan

Mr. Michael Cohen, Mayor's Office of Base Reuse, stated this Development Plan and Term Sheet reflects three years of work and public input. Stated it is important to realize this is not the end of the process; there are at least 24 months of project details, plans and project specific environmental reviews and a project specific Development Plan. The purpose of the Term Sheet at this point and time is to provide policy guidance for the remaining work still to occur. Staff is recommending endorsement of the Term Sheet because the plan allows for creation of a large set of public benefits, leveraged by private capital, including contribution of 1,800 below market affordable housing units, one of the largest parks' improvement project in the history of the City, along with thousands of jobs and economic opportunities without any recourse to the City's general fund. The redevelopment of the Island is on track to be a green, sustainable project reflecting green building and sustainable urban design.

Mr. Chris Meany, Wilson, Meany, Sullivan, presented the Development Plan. Stated the challenge has been to make Treasure Island a new San Francisco neighborhood centered around a rich array of housing, including 30% set aside for affordable housing, a regional attraction including a park and open space network, and sustainability. The Island should be a place where the environment and social fabric is sustained through economic viability. Discussed the Land Plan for the Island and the layout of the Island and various neighborhoods. A dense urban core

linked to San Francisco by a ferry terminal on the western shore of the Island. This ferry terminal is clearly the right answer and was advocated by public citizens. Sustainability is woven into the fabric of this land plan. The program calls for 6,000 homes, 420 hotel rooms, 200,000 square feet of retail, 300 acres of open space and the historic reuse of Buildings 1, 2 and 3. Much of the retail will be lifestyle retail, which will help evoke what is trying to be established on Treasure Island. The open spaces and parks will encompass a wide variety of uses, from contemplative spaces to athletic fields. Stated the infrastructure plan analyzes the various components needed to achieve the vision, including seismic reinforcement of the seawall, protection of the infrastructure coming onto the Island, improved connections of fresh water to the Island, a reclaimed water and storm drainage infrastructures. Treasure Island needs a special transportation network based on its location. This network is based on principles such as not using cars to the extent possible, a robust system of public transportation, a walkable land plan, and a system of incentives for encouraging other transportation than single occupancy vehicles, including congestion pricing management, charges for parking including unbundled parking for the housing units and transit passes included in the sale of every home. Discussed community facilities including fire and police services, schools, community spaces, the Art Park, and the potential demonstration farm. Discussed the parks and open spaces as a regional draw incorporating athletic fields, demonstration organic farm, public art park, walking and jogging paths and the environmental aspects such as the wetlands. Stated that sustainability is woven into the Land Plan as well as general principles of the Plan overall. The overall cost of the project is approximately \$1.2 billion dollars.

Mr. Michael Cohen discussed aspects of the Term Sheet document. All elements have been seen previously in other iterations besides the Term Sheet document itself. This document provides background and context about the project, operates as an umbrella agreement and explains how the elements will work together, and to describe protections built into the project in order to achieve the public benefits anticipated. The Plan itself is based on an enormous amount of work and due diligence. The permitted land uses will be codified in a specific project redevelopment plan, the affordable housing restrictions will be included in deed restrictions which go with the land, a detailed design guideline and process will be in place to govern vertical development. TIDA will be granted options for holding TICD to its responsibilities and remedies for failure to comply. For every phase of development, TICD will have detailed closing conditions.

Mr. Jack Sylvan, Mayor's Office of Base Reuse, discussed the changes to the documents that have taken place through the various iterations. Stated the content of most of the documents are the same as the Board has seen before. Described the various changes to the Plan that have occurred through the iterative process.

Director Rosen asked how many additional towers were being considered. Mr. Sylvan stated there is one new highrise and one additional neighborhood tower.

Mr. Sylvan discussed the remaining changes made to the Term Sheet elements as reflected on the matrix hand-out provided to the Board and the public. Stated the plan was presented to the Citizen Advisory Board, and they will be holding additional subcommittee meetings. A joint TIDA Board/CAB meeting will be held on October 11<sup>th</sup>. In late October, in their individual

CAB and TIDA Board meetings, staff will ask for endorsement of the plan. The plan will be then submitted to the Board of Supervisors for endorsement in November/December.

Director Cheng requested staff provide the Sustainability Plan document as soon as possible. Asked what the discussion is with BCDC about the Trust exchange. Stated the planned number of units has grown greatly from the initial number to 6,000 units.

Mr.Sylvan stated the appraisal to support the Trust Exchange is being revised. Staff believes that State Lands will be supportive of the revised units. The actual exchange needs to be negotiated with the State Lands Commission after approval of the Term Sheet.

Director Blumenfeld thanked staff for their assistance on this project and thanked TICD and their partners for their work to this point. Asked what will be left to be defined between Term Sheet and DDA and how should the Board provide comments in a coherent way. Asked how to create consistency between the two documents.

Mr. Cohen stated there is more detail on the horizontal development, what TICD is required to build. The other issues are projections of future terms, conditions and entitlements.

Director Rosen requested consideration of reviewing the schedule for vertical and horizontal development to allow for frontloading to establish attractions early on in the building of the project.

Director Blumenfeld stated it was good foresight to add money for acquisition of the Island by the Navy. Stated it would be useful for the pro forma to call out items such as the Art Park so that the Board can be informed about trade-offs and where the options are for the Board to make decisions.

Director Cheng asked for more information on the energy and power issues. Asked for elaboration on when the decisions on power issues should be made. Mr. Cohen stated that the decision should be made during the next two year period. Feasibility studies have been drawn up regarding sustainability and renewable energy.

Director Rosen thanked the Mayor's Office of Base Reuse for their work as well as thanked the CAB members for all their work. Stated this development has enjoyed a serious level of civic engagement through members of the public including Sherry Williams, Ruth Gravanis and Eve Bach. Requested supplemental documentation highlighting what the developer is required to deliver or contribute versus what the public finance sources contribute. Much of the document states only "the project will deliver". Stated she is sensitive to the differences between what is a publicly beneficial investment without which the development couldn't happen. Stated there is a risk of confusion about what the developer is contributing versus what is coming from public funding. Stated it is important to call out the separations of public and private financing. Mr. Cohen stated the challenge is this project doesn't exist without \$500 million in private capital. There can be clearer description to what financing can be used for. The intent is to reinforce the enhanced value connection between private and public financing.

Director Rosen asked for more information on how to contemplate the community uses and the dedication of space for these programs and facilities, such as the Sailing Center.

Mr. Cohen stated there is an intention to have community spaces throughout the Island. The updated Community Facility Plan should answer several of these questions.

Director Rosen asked if the referenced neighborhood community rooms will be provided in the market rate housing or retail corridor and would be in addition to any facilities provided in the below market rate housing.

Mr. Cohen stated it is planned to dedicate ground floor space in the residential buildings, perhaps the high rises, for such spaces.

Director Rosen asked what the total amount of tax increment was available to the project. Mr. Cohen stated they can calculate this.

Director Rosen stated she is concerned about the effective date for affected households for transition. Stated that people could move onto the Island within a year to gain housing preference and she is concerned about the the fair housing implications for this. Stated people who have lived there for a long time should be accommodated, but she is concerned about creating a land rush which might not be equitable.

Mr. Cohen stated he wanted to note that the existing housing should be retained for close to ten years. It is an interesting question as the housing will be around for the long haul. Director Rosen stated she would be happy to discuss these issues further with staff. Stated she would be an advocate for the City assuming more City services in its budget to conserve the debt capacity to assure build out of neighborhood services and facilities. Asked if an analysis has been done of the public benefits that will not cost the public anything.

Mr. Cohen stated that this analysis can be done.

# 13. Director Cheng left the TIDA Board at 3:50 PM The meeting was adjourned at 3:50 PM

Public comment was heard on this item after formal adjournment. Please see Appendix A for this public testimony.

## Appendix A Public Comment at September 27, 2006 TIDA Board of Directors Meeting

Ms. Sherry Williams, Treasure Island Homeless Development Initiative Executive Director, stated the presentation is very laudable. Stated that the current Island operaterations should look at using available spaces for residents now. TIDA should look into longer lease terms and more attractive business terms to attract residents today. Stated parts of the presentation don't speak to a broad range of income groups as well as they should. If there is not a discussion of earmarks it appears that the amenities are only geared toward high income people. Discussion of facilities and services funding needs to call out these issues more thoroughly.

Ms. Eve Bach, ARC Ecology, thanked the team who worked on this for all their hard work. Stated it is important for the Board to think of the subsequent documents, both the DDA and the Redevelopment Plan. The redevelopment plan needs to assure that all the public benefits actually do occur. Stated she is concerned that the way the document reads it does not call out the tenure split between rental and ownership, the language about this is very loose. There is an intention to build rental housing but not a firm commitment. This split has to be settled. Stated she is concerned about the transportation section. The financing mechanism for the transportation calls for a subsidy the first few years but after that it is projected to be self-financing. Firmer language is needed to assure these service levels occur.

Ms. Ruth Gravanis stated she was appreciative that the term sheet document was on the website well in advance. Stated the term sheet shows movement in a positive direction. She is happy to see more emphasis to the visitor experience. Curious about the status of the Treasure Island Museum, encouraged consideration of historic artifacts related to Treasure Island as a public draw. Reminded the Board to keep the applicability of the Public Trust in this project. Encouraged soil infiltration studies as part of the water treatment program.

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